The 2008 Annual Field Report

By Larry Bomback and Anthony Cekay

OPERA America's *Annual Field Report* (AFR) is based on the *Professional Opera Survey* (POS) that member companies complete each year by submitting details of their annual financial, performance and attendance activity. The 2008 AFR covers the fiscal year that ended during calendar year 2008 and includes data reaching back to 2004. This data provides a summary of key facts and trends in the United States and Canada.

Last year's *Annual Field Report* and Professional Opera Survey Report indicated companies' particular strengths and weaknesses as they entered a difficult economic period. Indeed, shortly after the publication of the *2007 Annual Field Report* in December 2008, the National Bureau of Economic Research announced that the country had officially entered a recession in the fourth quarter of 2007.[1]

For most opera companies, the 2008 fiscal year ended in the second quarter of calendar year 2008. Thus, much of the data in the *2008 Annual Field Report* reflects companies' reactions to the initial shocks of the so-called Great Recession. A few companies in the data set had 2008 fiscal years ending in September or later, and day-to-day operations were undoubtedly affected by the collapse of Lehman Brothers and the banking crisis.

At the field-wide level, total individual contributions — including unrestricted, temporarily and permanently restricted — grew 12% year-over-year. Nonetheless, during general director conference calls, companies reported frequently revising their budgets, and expressed great difficultly in forecasting future revenue.[2] Layoffs, furloughs and benefit reductions were common responses throughout FY09, as were shortened seasons. In the worst cases, established companies such as Baltimore Opera, Connecticut Opera, Opera Pacific and Orlando Opera were forced to close.

2008 AFR Highlights:

- 98 of the 136 US and Canadian professional company members completed OPERA America's *2007-2008 Professional Opera Survey*. Of those 98 companies, 74 reported consistently from 2004 to 2008, comprising the 2008 AFR constant sample group.
- In FY08, only 58% of companies from the AFR's constant sample group reported balanced budgets or surpluses compared with 68% in FY07. On average, unrestricted revenue generated by US companies decreased in FY08, reversing a four-year trend. Because of this substantial one-year drop in revenue, annualized revenue growth lagged behind expense growth from 2004 to 2008.
- In the US Constant Sample Group (US CSG) (companies that reported consistently for five years):
    - On average, companies reported negative unrestricted investment revenue in 2008—the only year in the report where this was observed—the result of large realized and unrealized losses in board designated reserve funds. From 2004 to 2008, contributed income rose almost 26% and earned revenue remained almost flat. Through 2007, however, earned revenue rose 27%, underscoring the impact of investment income during the bull market.
    - On average, box office income remained virtually unchanged from 2007 to 2008, and lagged behind natural price growth from 2004 to 2008.
    - Average total contributed revenue rose 12.8% from 2007 to 2008, the most, in fact, of any other year-over-year period surveyed.
- In the Canadian Constant Sample Group (CA CSG):
    - Despite the most recent year-over-year decline in ticket revenue, Canadian companies reported revenue growth of almost 40% since 2004, with net income in all of the past five seasons.
    - Canadian companies posted a substantial 24% increase in individual donations from 2007 to 2008, and an 83.7% increase from 2004 to 2008, offsetting declines in corporate support.

---

1 http://money.cnn.com/2008/12/01/news/economy/recession/index.htm

2 In 2008, OPERA America began conducting monthly conference calls with the various networks that comprise its membership — General Directors, Finance and Administration, Development, Education, Marketing, Production and Artistic. These calls provide a forum for network representatives to discuss topical issues affecting the field.

Analysis: Introduction

An Overview of the Opera Field looks at key statistics from the 74 US and Canadian companies that comprise the 2008 AFR (excluding the Metropolitan Opera because of its size).

The US CSG contains 63 companies with FY08 budgets ranging from $217,000 to nearly $73 million.

The 63 companies are then analyzed by level based on the lesser of their operating expenses or unrestricted revenue for the year.

Level 1 CSG — $10 million and above — 10 reporting
Level 2 CSG — $3 million to $9,999,999 — 18 reporting
Level 3 CSG — $1 million to $2,999,999 — 16 reporting
Level 4 CSG — Under $1 million — 19 reporting

The Canadian CSG (CA CSG) includes 11 companies, with FY08 budgets ranging from CAD$285,251 to CAD$29,264,686.

Data is presented as an average in dollars for each level. Four-year trends are adjusted for inflation. The annualized inflation rate in the US from 2004-2008 was 3.32%; Canada's annualized inflation rate for the same period was 2.48%.

Benchmarking Prospectus

Good research is important for understanding the health of an opera company and for developing short- and long-term strategies. The AFR presents an overview of the field's activity. While it offers a detailed look at levels within the opera field, the data and trends are averaged from groups of companies that may have little in common operationally beyond their budget sizes. Thus, the trends of a group may not reflect the trends of an individual company. OPERA America has data on professional companies dating back more than two decades, and frequently conducts 10-, 15- and 20-year trend analyses, on request, for trustees and general directors using carefully selected comparative organizations.

A complete OPERA America Benchmarking Analysis includes the following information:

- Budget Growth
- Endowment as % of Total Expense
- Artistic Expense as % of Total Expense
- Artistic Expense Growth Rate vs. Total Expense Growth Rate
- Program Coverage (% of Artistic Budget Covered by Ticket Sales)
- Artistic Expense per Available Seat
- Artistic Expense per Production
- Artistic Expense per Performance
- Personnel vs. Non-Personnel Expenses
- Ticket Income/Contributed Income/Other Operating Income as % of Unrestricted Income
- Development Productivity
- Sources of Contributed Income
- Individual Contributions per Attendance
- Marketing Productivity
- Box Office Income per Attendance
- Market Penetration
- Ticket Prices
- Capacity Utilization
- Subscription Renewal Rates
- Current Ratio
- Net Assets as a % of Budget
- Working Capital

City Profile

- City and Metropolitan Area Population
- Median City and Metropolitan Area Age, Education Level and Income
- Cost of Living Averages
- Cultural Statistics — Number of Higher Education Institutions, Number of Performing Arts Organization and Cultural Vitality Rankings

Repertoire Analysis

- This unique and proprietary tool is used, in part, to determine repertoire trends at companies that share a similar budget size and demographic.

For information or to commission a benchmarking study, contact Larry Bomback, LBomback@operaamerica.org.

Overview of the Opera Field

This overview is a five-season snapshot of the total activity reported by 74 companies that comprise the 2008 AFR. The CA CSG section reports Canadian company activities in Canadian dollars (CAD). However, the CAD has been converted to the US dollar (USD) — based on yearly exchange rates — for the purposes of the table below.

Financial and Performance Activity

- 42 of the 74 companies in the CSG reported a surplus for the year. In FY08, the median revenue and expense among the 74 companies was nearly $2.6 million. The average company budget size was over $7.2 million. The disparity between the figures reflects the influence of larger-budget companies on the sample group.
- Even though overall spending was generally restrained in 2008, unrestricted investment losses among large companies, in particular, accounted for the precipitous year-over-year decline in unrestricted net income.
- Permanently restricted net assets increased by more than 50% since 2004 to nearly $380 million; 80.2% of these assets were held by the ten Level 1 companies.
- Total North American productions rose to their highest levels in FY08 compared with the previous four seasons. However, companies reported a 4% year-over-year decrease in total seats available and a 2.5% year-over-year decline in total attendance.

Financial & Performance Activity									
2008 US and Canada CSG Survey	On 8/31/04	On 8/31/05	On 8/31/06	On 8/31/07	On 8/31/08			**4-yr Annualized**	
	1 USD=0.7584 CAD	1 USD=0.8395 CAD	1 USD=0.9052 CAD	1 USD=0.9429 CAD	1 USD=1.063 CAD	**Percentage Change**		**Growth Rate**	
	2004	**2005**	**2006**	**2007**	**2008**	**1-yr**	**4-yr**	**Actual**	**Infl. Adj.**
Financial Activity									
Total Unrestricted Earned Revenue	$196,832,732	$213,269,358	$220,271,812	$260,781,130	$210,733,468	-19.2%	7.1%	1.7%	-1.6%
Total Unrestricted Contributed Revenue	$190,866,452	$200,637,461	$206,696,912	$222,020,982	$251,367,293	13.2%	31.7%	7.1%	3.8%
Assets Released From Restriction	$40,749,528	$54,668,768	$40,293,591	$47,737,832	$63,742,739	33.5%	56.4%	11.8%	8.5%
Total Unrestricted Revenue	$428,448,712	$468,575,588	$467,262,314	$530,539,944	$525,843,500	-0.9%	22.7%	5.3%	1.9%
Total Expenses	$426,524,165	$463,019,235	$476,924,972	$533,463,308	$542,006,101	1.6%	27.1%	6.2%	2.9%
Unrestricted Net Income (Loss)	$1,924,548	$5,556,353	($9,662,657)	($2,923,364)	($16,162,601)				
Unrestricted Net Income as % of Expense	0.5%	1.2%	-2.0%	-0.5%	-3.0%				
Earned as % of Total Revenue	45.9%	45.5%	47.1%	49.2%	40.1%				
Contributed as % of Total Revenue	44.5%	42.8%	44.2%	41.8%	47.8%				
Released from Restriction as % of Total Revenue	9.5%	11.7%	8.6%	9.0%	12.1%				
Permanently Restricted Net Assets	$248,122,977	$276,521,590	$316,269,092	$366,466,193	$378,606,024	3.3%	52.6%	11.1%	7.8%
Permanently Restricted Net Assets as % of Expense	58.2%	59.7%	66.3%	68.7%	69.9%				
Performance Activity									
Total Main Season Productions	262	279	270	279	282				
Total Main Season Performances	1,334	1,352	1,313	1,384	1,401				
Total Main Season Attendance	2,289,163	2,125,673	2,233,656	2,328,604	2,272,658				

United States Constant Sample Group

The 2008 US CSG includes 63 companies that, as a subset, injected over $480 million into the economy through salaries, production costs and other spending. FY08 budgets of the US CSG ranged from $217,000 to nearly $73 million. The median budget size was just over $2.4 million. Individual level analyses (pages 37 to 48) provide a more focused look at companies of different budget sizes, since trends for each level may vary from those of the US CSG.

US CSG Operating Activity

From 2004 to 2008, US opera companies generated money at a slightly slower pace than they spent it. This trend was most pronounced in FY08, when the group reported the greatest proportionate deficit over the five seasons surveyed.

Unrestricted Net Income
US Constant Sample Group of (63) Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Total Unrestricted Revenue	$6,284,370	$6,884,520	$6,723,999	$7,498,428	$7,355,799	-1.9%	17.0%	4.0%	0.7%
Total Expense	$6,261,686	$6,802,071	$6,884,442	$7,559,350	$7,629,450	0.9%	21.8%	5.1%	1.7%
Unrestricted Net Income (Loss)	$22,684	$82,449	($160,443)	($60,922)	($273,651)				
As Percentage of Expense	0.4%	1.2%	-2.4%	-0.8%	-3.7%				

Surplus-Deficit
US CSG of (63) Companies
Number of balanced budgets participants reported from FY04 to FY08

	0 Years	1 Year	2 Years	3 Years	4 Years	5 Years	Total
Level 1	1	1	0	4	2	2	10
Level 2	3	1	4	4	4	2	18
Level 3	2	1	6	5	2	0	16
Level 4	2	2	6	4	4	1	19
Total	8	5	16	17	12	5	63
%	12.7%	7.9%	25.4%	27.0%	19.0%	7.9%	100.0%

Revenue generated from the box office grew nearly 11% from 2004, but was flat from 2007 to 2008.

Operating income from investments tripled from 2004 to 2007, but was negative in 2008, contributing to a 20% drop in total earned revenue from 2007 to 2008. Other earned revenue spiked noticeably in 2008, the result of a single company's $5 million gain on the sale of donor life insurance policies.

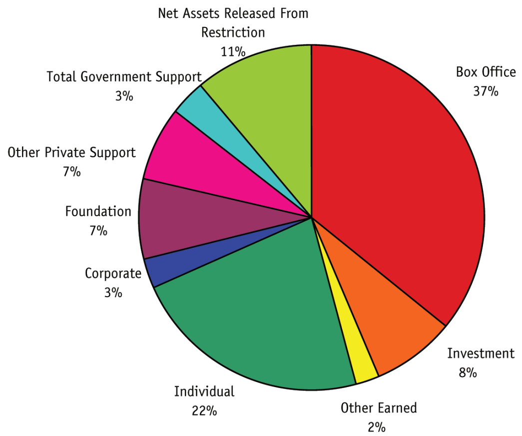
Individual giving continued to represent the largest source of contributed revenue in FY08, increasing by more than 15% over the prior season. Opera companies' reliance on individual donations is evidenced by the fact that such gifts made up more than 50% of total contributed income in all five years of the survey.

The volatility shown in net assets reflects companies' diverse activities and internal accounting methods.

Revenue
US Constant Sample Group of (63) Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Earned Revenue									
Box Office	$2,325,593	$2,455,925	$2,507,885	$2,577,675	$2,577,785	0.0%	10.8%	2.6%	-0.7%
Investment	$344,280	$684,564	$652,233	$1,045,036	($13,839)	-101.3%	--	--	--
Other Earned	$245,029	$19,545	$52,372	$85,694	$374,253	336.7%	52.7%	11.2%	7.8%
Total Earned Revenue	$2,914,902	$3,160,033	$3,212,490	$3,708,404	$2,938,199	-20.8%	0.8%	0.2%	-3.1%
Contributed Revenue									
Private Support									
Individual	$1,428,003	$1,464,306	$1,544,656	$1,557,474	$1,814,091	16.5%	27.0%	6.2%	2.8%
Corporate	$199,162	$198,059	$187,539	$204,809	$221,371	8.1%	11.2%	2.7%	-0.6%
Foundation	$471,549	$469,041	$430,643	$560,812	$653,212	16.5%	38.5%	8.5%	5.2%
Other Private Support	$419,441	$529,234	$495,886	$467,766	$486,763	4.1%	16.1%	3.8%	0.5%
Total Private Support	$2,518,155	$2,660,641	$2,658,724	$2,790,861	$3,175,436	13.8%	26.1%	6.0%	2.6%
Total Government Support	$204,496	$196,088	$213,204	$241,420	$245,583	1.7%	20.1%	4.7%	1.4%
Total Contributed Revenue	$2,722,650	$2,856,728	$2,871,928	$3,032,281	$3,421,019	12.8%	25.7%	5.9%	2.6%
Net Assets Released From Restriction	$646,818	$867,758	$639,581	$757,743	$996,581	31.5%	54.1%	11.4%	8.1%
Total Unrestricted Revenue	$6,284,370	$6,884,520	$6,723,999	$7,498,428	$7,355,799	-1.9%	17.0%	4.0%	0.7%

US CSG Revenue Sources (5-Year Average)

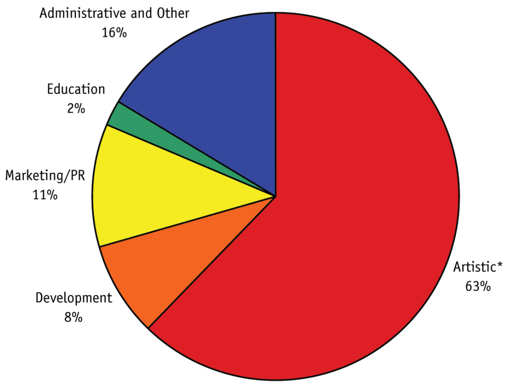


On average, companies have increased allocations over the past five seasons to broadcasting and recording expenses, as they seek alternative methods of transmitting the art form to opera lovers and potential new audiences. Since 2004, average broadcasting expenses have nearly tripled.

Expenses
US Constant Sample Group of (63) Companies

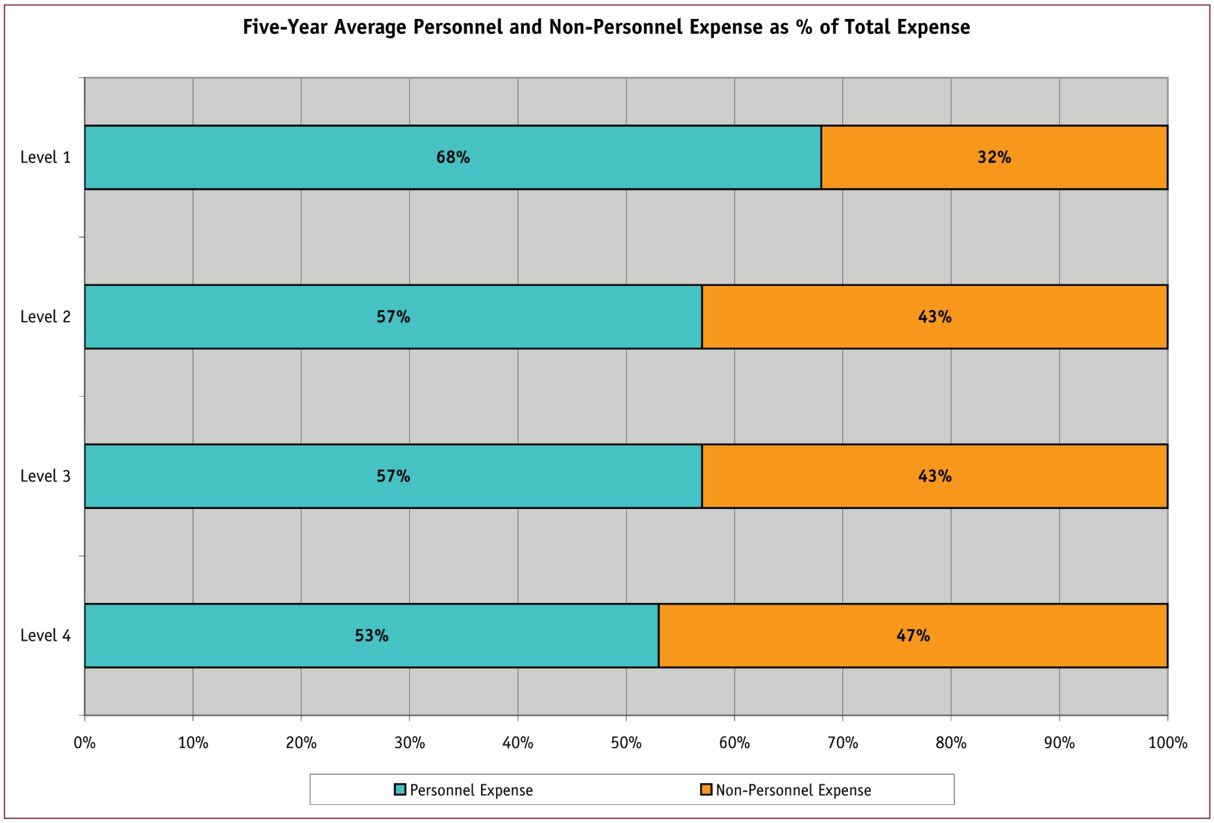
	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Personnel									
Artistic	$2,017,849	$2,211,408	$2,145,197	$2,263,220	$2,316,022	2.3%	14.8%	3.5%	0.2%
Production & Technical	$1,022,369	$1,082,691	$1,117,987	$1,135,270	$1,234,443	8.7%	20.7%	4.8%	1.5%
Singer Training	$41,509	$56,323	$54,941	$60,731	$59,174	-2.6%	42.6%	9.3%	5.9%
Marketing/PR/Box Office	$230,392	$248,880	$262,454	$282,974	$298,415	5.5%	29.5%	6.7%	3.4%
Development	$246,614	$271,133	$280,235	$301,802	$326,169	8.1%	32.3%	7.2%	3.9%
Education	$91,966	$92,623	$102,056	$101,640	$108,638	6.9%	18.1%	4.3%	0.9%
Administrative	$432,258	$457,184	$449,606	$522,331	$517,506	-0.9%	19.7%	4.6%	1.3%
Total Personnel Expense	$4,082,957	$4,420,243	$4,412,476	$4,667,969	$4,860,367	4.1%	19.0%	4.5%	1.1%
Non-Personnel									
Production	$806,275	$913,216	$894,564	$1,178,336	$1,040,926	-11.7%	29.1%	6.6%	3.3%
Broadcasting, Recording & Internet Expense	$6,586	$7,791	$3,510	$20,820	$25,436	22.2%	286.2%	40.2%	36.9%
Singer Training	$37,273	$25,193	$31,169	$47,575	$32,993	-30.7%	-11.5%	-3.0%	-6.3%
Marketing/Pr/Box Office	$458,062	$492,448	$504,683	$507,342	$538,293	6.1%	17.5%	4.1%	0.8%
Development	$213,535	$273,755	$303,688	$324,045	$339,736	4.8%	59.1%	12.3%	9.0%
Education	$43,863	$47,553	$61,578	$45,966	$54,583	18.7%	24.4%	5.6%	2.3%
Administrative	$525,522	$528,121	$556,533	$645,307	$622,131	-3.6%	18.4%	4.3%	1.0%
Other Earned Income Expenses	$87,613	$93,751	$116,242	$121,990	$114,987	-5.7%	31.2%	7.0%	3.7%
Total Non-Personnel Expense	$2,178,730	$2,381,828	$2,471,966	$2,891,381	$2,769,084	-4.2%	27.1%	6.2%	2.9%
Total Expense	$6,261,686	$6,802,071	$6,884,442	$7,559,350	$7,629,450	0.9%	21.8%	5.1%	1.7%

US CSG Expense Allocation By Department (5-Year Average)

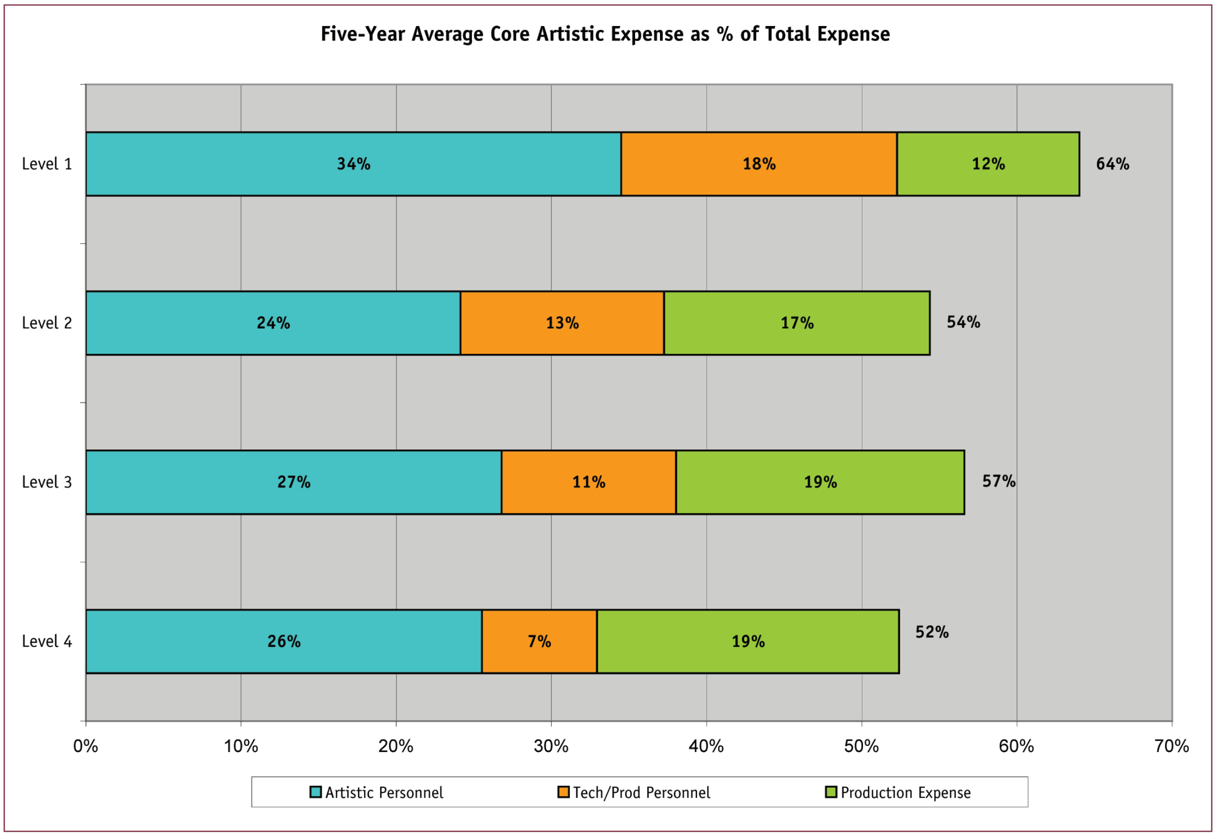


*Includes core artistic expenses (artistic personnel, technical/production personnel, production costs) plus singer training and broadcasting expenses.

As a percentage of total expenses, Level 1 companies spent more on personnel costs than any level, and by a significant margin.



Five-Year Average Personnel and Non-Personnel Expense as % of Total Expense
Level 1
Level 2
Level 3
Level 4
68%
32%
57%
43%
57%
43%
53%
47%
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Personnel Expense
Non-Personnel Expense



Five-Year Average Core Artistic Expense as % of Total Expense
Level 1
Level 2
Level 3
Level 4
34%
18%
12%
64%
24%
13%
17%
54%
27%
11%
19%
57%
26%
7%
19%
52%
0%
10%
20%
30%
40%
50%
60%
70%
Artistic Personnel
Tech/Prod Personnel
Production Expense

US CSG Productivity

Development productivity is calculated by dividing all department expenses by total contributed revenue. Similarly, marketing productivity is calculated by dividing all department expenses by total box office revenue.

On average, marketing and development departments reported decreased productivity from 2004 to 2008. Declines were fairly consistent over the one-year and five-year studies.

In 2008, program coverage, the amount of core artistic expenses covered by box office revenue, reached its lowest level in five seasons.

Productivity Measures
US Constant Sample Group of (63) Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Development Productivity	$8.50	$7.19	$7.73	$8.10	$7.64	-5.7%	-10.2%	-2.6%	-6.0%
Marketing Productivity	$3.38	$3.31	$3.27	$3.26	$3.08	-5.5%	-8.8%	-2.3%	-5.6%
Program Coverage	60.4%	58.3%	60.3%	56.1%	55.8%				

US CSG Financial Position

While average net assets of US companies have risen by nearly 9% for each of the past five seasons, working capital continues to deteriorate and remains sharply negative.[3] This implies that while US company balance sheets are growing at a steady clip, many of these assets are permanently restricted.[4]

Balance Sheet
US Constant Sample Group of (63) Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Net Assets									
Unrestricted	$3,236,892	$3,401,992	$3,524,845	$3,647,295	$3,481,437	-4.5%	7.6%	1.8%	-1.5%
Board Designated	$255,334	$295,482	$252,703	$376,143	$386,429	2.7%	51.3%	10.9%	7.6%
Temporarily Restricted	$1,872,485	$1,711,500	$2,070,593	$2,807,453	$3,127,035	11.4%	67.0%	13.7%	10.4%
Permanently Restricted	$3,933,344	$4,383,828	$5,019,570	$5,809,763	$6,008,099	3.4%	52.7%	11.2%	7.9%
Total Net Assets	$9,298,056	$9,792,803	$10,867,710	$12,640,653	$13,002,999	2.9%	39.8%	8.7%	5.4%
Total NA as % of Expense	148.5%	144.0%	157.9%	167.2%	170.4%				
Working Capital	($612,072)	($440,936)	($553,854)	($365,843)	($1,061,538)	-190.2%	-73.4%	-28.2%	-31.5%
Working Capital as % of Expense	-9.8%	-6.5%	-8.0%	-4.8%	-13.9%				
Investments *	$6,633,400	$7,381,842	$8,270,748	$9,793,641	$9,753,765	-0.4%	47.0%	10.1%	6.8%
Investments as % of Expense	105.9%	108.5%	120.1%	129.6%	127.8%				
Net Fixed Assets	$4,104,298	$4,138,410	$4,331,402	$4,389,281	$4,929,404	12.3%	20.1%	4.7%	1.4%

*Including Separately Incorporated Endowments

Four of five US companies have endowments, although as the chart below indicates, many of them are modest in relation to overall company expenses. Endowments at many companies are relatively recent in origin and have not had an opportunity to increase over time.

5-Year Average Endowment Ratio
US CSG of (63) Companies
Endowment as percent of operating expense from FY04 to FY08

	No Endowment	1-99%	100%	200%	300%	Total
Level 1	0	7	3	0	0	10
Level 2	1	10	2	4	1	18
Level 3	4	8	2	1	1	16
Level 4	7	8	4	0	0	19
TOTAL	12	33	11	5	2	63
%	19%	52%	17%	8%	3%	100.0%

3 Cool Springs Analytics, which provides consulting services to arts organizations, other nonprofits and funders in the areas of governance, strategic planning, financial management and financial analysis, defines working capital as an organization's unrestricted net assets less fixed assets. It is the cash available to meet an organization's day-to-day financial obligations.

4 With more states adopting the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the concept of "permanently restricted" is starting to relax, but when companies dip into their endowment principals, a bad precedent is set and it becomes more difficult to get above the watermark when the market fully recovers.

Despite so many companies having permanently restricted endowments, significant unrestricted liquid reserves are rare.[5] On average over the past five seasons, more than half the companies surveyed reported negative working capital. To meet day-to-day obligations, companies have relied on lines of credit and other debt instruments. In FY08, opera companies spent over $6 million dollars on interest alone.

5-Year Working Capital Ratio
US CSG of (63) Companies
Unrestricted net assets less fixed assets as percent of operating expense from FY04 to FY08

	<0%	0-10%	10-20%	20-30%	>30%	Total
Level 1	5	3	0	2	0	10
Level 2	12	4	1	0	1	18
Level 3	6	6	2	1	1	16
Level 4	9	7	0	3	0	19
TOTAL	32	20	3	6	2	63
%	51%	32%	5%	10%	3%	100.0%

Low levels of working capital indicate low levels of cash-on-hand; more than 80% of opera companies had less than three months of operating cash available going into the following fiscal year.[6]

5-Year Average Months of Operating Cash
US CSG of (63) Companies
Cash and cash equivalencies as reported on POS

	<3	3-6	3-9	9-12	>12	Total
Level 1	8	1	0	1	0	10
Level 2	15	2	1	0	0	18
Level 3	13	3	0	0	0	16
Level 4	16	2	1	0	0	19
TOTAL	52	8	2	1	0	63
%	83%	13%	3%	2%	0%	100.0%

US CSG Performance Activity

The average number of productions and performances in the US from 2007 to 2008 decreased only slightly, and average total attendance also declined year-over-year.

High-end ticket prices have risen rapidly since 2004 while prices at the low end remained flat or decreased.

Performance Activity
US Constant Sample Group of (63) Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Performance Activity									
Main Season Productions	3.8	4.0	3.9	4.0	3.9				
Main Season Performances	19.5	19.4	18.9	19.6	19.3				
Attendance									
Main Season Total Attendance*	33,007	30,482	31,687	32,755	30,951				
% of Capacity Sold	72.4%	73.6%	78.2%	79.8%	75.2%				
Subscription Renewal Rate	64.1%	64.4%	71.3%	66.0%	70.4%				
Pricing									
High Full Subscription Price	$348	$379	$412	$470	$487	3.6%	39.7%	8.7%	5.4%
Low Full Subscription Price	$66	$74	$81	$82	$69	-15.8%	3.6%	0.9%	-2.4%
High Single Ticket Price	$91	$96	$103	$109	$119	9.9%	31.0%	7.0%	3.7%
Low Single Ticket Price	$18	$18	$19	$21	$19	-9.0%	6.9%	1.7%	-1.6%
Highest Orchestra Ticket	$80	$84	$93	$94	$108	15.7%	35.4%	7.9%	4.5%
Lowest Orchestra Ticket	$40	$40	$45	$43	$42	-1.3%	4.8%	1.2%	-2.1%

*Includes Comps

5 It is important to note that unrestricted fund balances at year-end may reflect non-operating net assets used to protect losses in temporarily- and permanently-restricted fund categories.

6 Operating cash levels are extracted from a company's balance sheet at the fiscal-year-end — a fixed point in time. At that arbitrary point, a company may be more cash-poor than during another point in the season. Operating cash levels do not include liquid investment instruments, such as stocks, CDs, mutual funds and bond funds.

Nearly half the companies surveyed filled their main houses to at least 80% of paid capacity over the past five seasons. Four Level 2 companies reported capacity utilization of over 90%, and only three Level 4 companies reported capacity utilization of less than 60%.

5-Year Average Main Season Capacity Utilization

US CSG of (63) Companies

Percent of venue capacity filled from FY04-FY08

	<60%	61-70%	71-80%	81-90%	>90%	Total
Level 1	0	1	2	5	2	10
Level 2	0	4	5	5	4	18
Level 3	0	5	4	5	2	16
Level 4	3	5	5	5	1	19
TOTAL	3	15	16	20	9	63
%	5%	24%	25%	32%	14%	100.0%

Level 1 Companies

In 2008, OPERA America defined the minimum budget size for a Level 1 company as $10 million. The 2008 Constant Sample Group included 10 Level 1 companies (excluding the Metropolitan Opera), with budgets ranging from $12.3 million to $72.7 million.

Level 1 CSG Operating Activity

In FY08, Level 1 companies reported an average deficit for the second time in five seasons, and losses in unrestricted investments during 2008 contributed mightily to the proportionate size of the deficit. In 2008, only four companies in the survey reported operating surpluses compared to six in 2007. Eighty-percent of Level 1 companies reported balanced budgets in at least three of the five seasons surveyed.

Unrestricted Net Income
US Constant Sample Group of (10) Level 1 Companies

						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Total Unrestricted Revenue	$26,369,140	$29,617,305	$27,885,379	$31,599,879	$29,330,936	-7.2%	11.2%	2.7%	-0.6%
Total Expense	$26,058,067	$28,737,032	$28,131,719	$31,150,224	$31,471,739	1.0%	20.8%	4.8%	1.5%
Unrestricted Net Income (Loss)	$311,073	$880,273	($246,340)	$449,655	($2,140,803)				
As Percentage of Expense	1.2%	3.0%	-0.9%	1.4%	-7.3%				

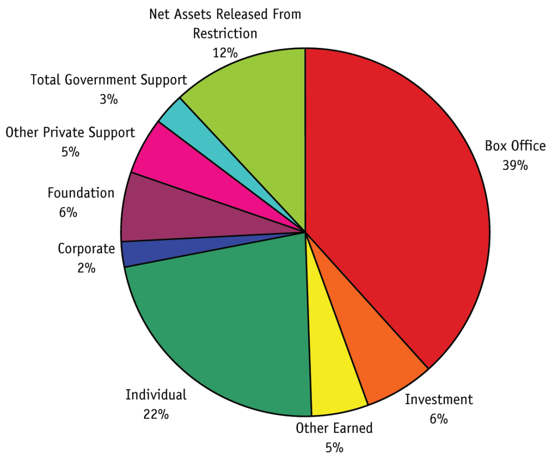
In FY07, nearly 23% of Level 1 earned income was the result of investments. In FY08, unrestricted unrealized losses of four companies prevented investment income from factoring positively into overall average revenue figures. As a consequence, 90% of earned income from Level 1 companies appears to come from ticket sales in 2008.

Unrestricted contributed revenue did not keep pace with inflation from 2004 to 2008. Only individual donations and contributed revenue from galas and volunteer guilds matched natural growth. In 2007, earned revenue outweighed contributed revenue by the widest margin of any surveyed season. That gap narrowed in 2008 as investment income slipped.

Revenue
US Constant Sample Group of (10) Level 1 Companies

						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Earned Revenue									
Box Office	$10,219,424	$11,140,626	$11,089,982	$11,550,696	$11,350,847	-1.7%	11.1%	2.7%	-0.7%
Investment	$1,611,756	$2,246,900	$1,804,670	$3,838,566	($302,785)	-107.9%	--	--	--
Other Earned	$1,028,513	$1,231,266	$1,559,405	$1,609,638	$1,720,513	6.9%	67.3%	13.7%	10.4%
Total Earned Revenue	$12,859,693	$14,618,793	$14,454,057	$16,998,901	$12,768,575	-24.9%	-0.7%	-0.2%	-3.5%
Contributed Revenue									
Private Support									
Individual	$6,119,432	$6,148,097	$6,454,716	$6,549,372	$7,079,509	8.1%	15.7%	3.7%	0.4%
Corporate	$783,858	$633,394	$635,261	$673,469	$689,032	2.3%	-12.1%	-3.2%	-6.5%
Foundation	$1,847,905	$1,724,936	$1,480,013	$1,846,002	$2,057,106	11.4%	11.3%	2.7%	-0.6%
Other Private Support	$1,187,099	$1,700,998	$1,476,319	$1,353,193	$1,354,712	0.1%	14.1%	3.4%	0.0%
Total Private Support	$9,938,294	$10,207,426	$10,046,309	$10,422,036	$11,180,359	7.3%	12.5%	3.0%	-0.3%
Total Government Support	$818,199	$676,400	$803,525	$865,234	$886,101	2.4%	8.3%	2.0%	-1.3%
Total Contributed Revenue	$10,756,494	$10,883,826	$10,849,834	$11,287,270	$12,066,460	6.9%	12.2%	2.9%	-0.4%
Net Assets Released From Restriction	$2,752,953	$4,114,686	$2,581,488	$3,313,708	$4,495,901	35.7%	63.3%	13.0%	9.7%
Total Unrestricted Revenue	$26,369,140	$29,617,305	$27,885,379	$31,599,879	$29,330,936	-7.2%	11.2%	2.7%	-0.6%

Level 1 CSG Revenue Sources (5-Year Average)

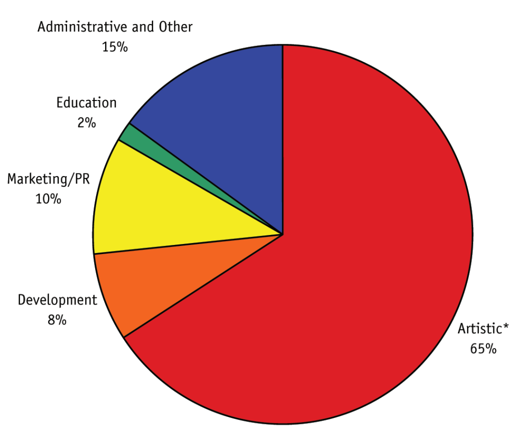


From 2007 to 2008, development personnel costs rose 13%, the only department to report double-digit growth. Wages and benefits rose almost 5% from 2007 to 2008 for the average Level 1 opera company, and when annualized over four years were lock-step with inflation. A substantial average decrease in production costs allowed Level 1 companies to reign in total expenses and keep year-over-year spending from 2007 to 2008 at a mere 1%, considerably less than prior years. The over 400% rise in broadcasting expenses from 2004 to 2008 is indicative of a larger field-wide trend toward more use of electronic media.

Expenses
US Constant Sample Group of (10) Level 1 Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Personnel									
Artistic	$9,307,977	$10,241,082	$9,678,795	$10,321,616	$10,659,505	3.3%	14.5%	3.4%	0.1%
Production & Technical	$4,772,468	$5,038,203	$5,116,865	$5,253,213	$5,698,102	8.5%	19.4%	4.5%	1.2%
Singer Training	$195,013	$310,448	$283,078	$316,307	$313,250	-1.0%	60.6%	12.6%	9.3%
Marketing/PR/Box Office	$911,496	$960,728	$962,291	$1,074,747	$1,167,020	8.6%	28.0%	6.4%	3.1%
Development	$910,892	$1,020,658	$1,050,323	$1,124,684	$1,271,387	13.0%	39.6%	8.7%	5.4%
Education	$286,155	$319,023	$330,475	$330,771	$341,334	3.2%	19.3%	4.5%	1.2%
Administrative	$1,615,248	$1,722,716	$1,631,205	$1,998,535	$1,914,350	-4.2%	18.5%	4.3%	1.0%
Total Personnel Expense	$17,999,249	$19,612,858	$19,053,032	$20,419,874	$21,364,947	4.6%	18.7%	4.4%	1.1%
Non-Personnel									
Production	$2,818,707	$3,265,134	$3,123,998	$4,237,726	$3,664,255	-13.5%	30.0%	6.8%	3.5%
Broadcasting, Recording & Internet Expense	$26,316	$36,967	$18,960	$96,851	$137,480	41.9%	422.4%	51.2%	47.9%
Singer Training	$164,019	$93,331	$108,975	$221,081	$122,841	-44.4%	-25.1%	-7.0%	-10.3%
Marketing/Pr/Box Office	$1,838,407	$1,988,879	$1,926,516	$1,939,323	$2,082,742	7.4%	13.3%	3.2%	-0.2%
Development	$812,744	$1,129,602	$1,192,741	$1,182,431	$1,236,277	4.6%	52.1%	11.1%	7.7%
Education	$113,683	$120,555	$124,228	$105,921	$121,514	14.7%	6.9%	1.7%	-1.6%
Administrative	$1,912,077	$2,059,801	$2,042,875	$2,443,125	$2,276,119	-6.8%	19.0%	4.5%	1.1%
Other Earned Income Expenses	$372,865	$429,906	$540,394	$503,894	$465,565	-7.6%	24.9%	5.7%	2.4%
Total Non-Personnel Expense	$8,058,818	$9,124,174	$9,078,687	$10,730,351	$10,106,792	-5.8%	25.4%	5.8%	2.5%
Total Expense	$26,058,067	$28,737,032	$28,131,719	$31,150,225	$31,471,739	1.0%	20.8%	4.8%	1.5%

Level 1 Expense Allocation By Department (5-Year Average)



*Includes core artistic expenses (artistic personnel, technical/production personnel, production costs) plus singer training and broadcasting expenses.

The Level 1 CSG reported sharp increases in development productivity from 2005 to 2007 but reversed course the following season. The decline in marketing productivity was more pronounced than that of development from 2004 to 2008, and decreased ticket sales led to the lowest program coverage ratio in the five years of the survey.

Productivity Measures US Constant Sample Group of (10) Level 1 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Development Productivity	$9.31	$7.22	$8.23	$9.09	$8.46	-7.0%	-9.2%	-2.4%	-5.7%
Marketing Productivity	$3.72	$3.78	$3.84	$3.83	$3.49	-8.9%	-6.0%	-1.5%	-4.9%
Program Coverage	60.4%	60.0%	61.8%	58.0%	56.3%				

Level 1 Financial Position

In 2008, average unrestricted net assets reached their lowest levels in three years, contributing to the largest pool of negative working capital in the seasons surveyed. Traditionally, Level 1 companies have been the only ones to report substantial positive working capital in past seasons.

Total net assets reached 200% of annual expenses, growing on average over 10% since 2004, more than twice as quickly as expenses have risen.

Balance Sheet US Constant Sample Group of (10) Level 1 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Net Assets									
Unrestricted	$15,985,510	$17,339,495	$18,457,296	$19,596,168	$17,540,091	-10.5%	9.7%	2.3%	-1.0%
Board Designated	$797,279	$773,004	$744,926	$1,227,691	$1,258,009	2.5%	57.8%	12.1%	8.8%
Temporarily Restricted	$7,973,765	$6,429,783	$8,553,393	$12,168,329	$14,497,912	19.1%	81.8%	16.1%	12.8%
Permanently Restricted	$17,515,295	$20,079,451	$23,357,410	$27,481,140	$29,122,570	6.0%	66.3%	13.6%	10.2%
Total Net Assets	$42,271,849	$44,621,734	$51,113,025	$60,473,327	$62,418,582	3.2%	47.7%	10.2%	6.9%
Total NA as % of Expense	162.2%	155.3%	181.7%	194.1%	198.3%				
Working Capital	($1,518,073)	($161,771)	$506,881	$1,621,027	($2,397,802)	-247.9%	-58.0%	-19.5%	-22.8%
Working Capital as % of Expense	-5.8%	-0.6%	1.8%	5.2%	-7.6%				
Investments *	$29,716,302	$32,197,815	$37,835,526	$45,758,261	$45,953,517	0.4%	54.6%	11.5%	8.2%
Investments as % of Expense	114.0%	112.0%	134.5%	146.9%	146.0%				
Net Fixed Assets	$18,300,862	$18,274,270	$18,695,341	$19,202,832	$21,195,902	10.4%	15.8%	3.7%	0.4%

* Including Separately Incorporated Endowments

Level 1 Performance Activity

In many ways, 2008 performance activity mirrored that of 2004. In 2008, Level 1 companies sold a greater percentage of available seats than in any year since 2004. With the exception of the lowest-priced subscription, every Level 1 ticket price category increased from 2004; the most pronounced increase was seen in the highest-priced subscription category.

Performance Activity US Constant Sample Group of (10) Level 1 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Performance Activity									
Main Season Productions	6.1	6.5	6.0	6.4	6.4				
Main Season Performances	45.4	46.3	43.4	47.5	45.6				
Attendance									
Main Season Total Attendance*	120,596	115,487	113,010	122,105	117,647				
% of Capacity Sold	91.8%	86.1%	89.2%	86.1%	89.4%				
Subscription Renewal Rate	79.0%	79.4%	78.0%	77.5%	77.5%				
Pricing									
High Full Subscription Price	$930	$1,020	$1,121	$1,434	$1,534	6.9%	64.9%	13.3%	10.0%
Low Full Subscription Price	$120	$119	$135	$135	$109	-19.2%	-8.8%	-2.3%	-5.6%
High Single Ticket Price	$173	$180	$192	$193	$203	5.2%	17.7%	4.2%	0.8%
Low Single Ticket Price	$20	$20	$23	$24	$23	-4.7%	10.3%	2.5%	-0.8%
Highest Orchestra Ticket	$160	$167	$166	$175	$183	4.4%	13.9%	3.3%	0.0%
Lowest Orchestra Ticket	$66	$63	$70	$78	$68	-13.4%	2.1%	0.5%	-2.8%

*Includes Comps

Level 2 Companies

In 2008, OPERA America defined Level 2 companies as those with operating budgets and unrestricted income between $3 million and $10 million. The 2008 Level 2 Constant Sample Group included 18 companies with median expenses of $6.4 million.

L2 CSG Operating Activity

Because of a surge in individual donations in FY08, Level 2 companies in the CSG posted net income for the first time in four years, reversing declines.

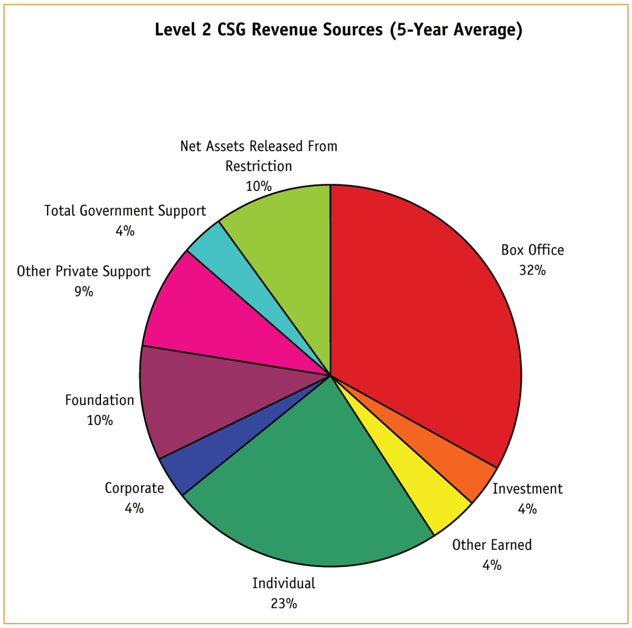
Unrestricted Net Income
US Constant Sample Group of (18) Level 2 Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Total Unrestricted Revenue	$5,296,590	$5,504,013	$5,830,305	$6,209,000	$6,919,168	11.4%	30.6%	6.9%	3.6%
Total Expense	$5,368,826	$5,614,730	$6,072,111	$6,627,207	$6,716,120	1.3%	25.1%	5.8%	2.4%
Unrestricted Net Income (Loss)	($72,236)	($110,717)	($241,806)	($418,207)	$203,048				
As Percentage of Expense	-1.4%	-2.0%	-4.1%	-6.7%	2.9%				

In 2008, earned revenue dropped nearly 9%, but was offset by double-digit annual growth in all categories of contributed income except government support. Additionally, the companies posted the highest average revenue total among the five seasons surveyed by over $500,000. Level 2 companies also outpaced inflation from 2004 to 2008 in all categories of contributed income, including government support.

Revenue
US Constant Sample Group of (18) Level 2 Companies

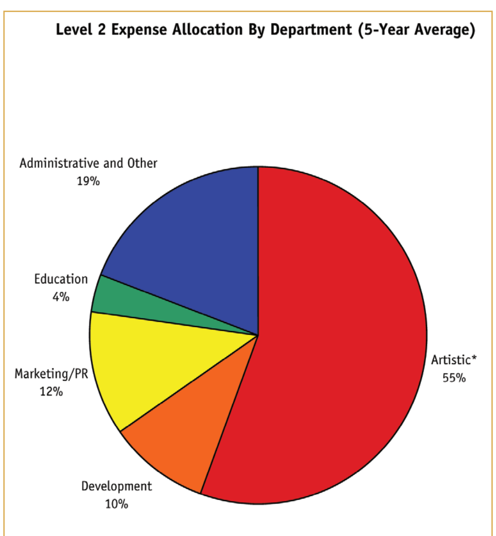
	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Earned Revenue									
Box Office	$1,906,138	$1,837,410	$1,995,581	$1,975,802	$2,091,403	5.9%	9.7%	2.3%	-1.0%
Investment	$238,809	$194,746	$234,426	$354,086	$112,987	-68.1%	-52.7%	-17.1%	-20.4%
Other Earned	$205,891	$206,865	$196,247	$351,517	$239,805	-31.8%	16.5%	3.9%	0.6%
Total Earned Revenue	$2,350,837	$2,239,021	$2,426,254	$2,681,405	$2,444,195	-8.8%	4.0%	1.0%	-2.3%
Contributed Revenue									
Private Support									
Individual	$1,206,042	$1,271,995	$1,334,424	$1,277,307	$1,863,890	45.9%	54.5%	11.5%	8.2%
Corporate	$169,105	$242,007	$195,913	$222,316	$261,663	17.7%	54.7%	11.5%	8.2%
Foundation	$448,165	$472,439	$449,248	$661,140	$865,386	30.9%	93.1%	17.9%	14.6%
Other Private Support	$435,111	$516,433	$553,882	$509,065	$592,340	16.4%	36.1%	8.0%	4.7%
Total Private Support	$2,258,423	$2,502,874	$2,533,467	$2,669,827	$3,583,278	34.2%	58.7%	12.2%	8.9%
Total Government Support	$167,498	$212,777	$177,944	$247,564	$256,380	3.6%	53.1%	11.2%	7.9%
Total Contributed Revenue	$2,425,920	$2,715,651	$2,711,411	$2,917,391	$3,839,658	31.6%	58.3%	12.2%	8.8%
Net Assets Released From Restriction	$519,832	$549,341	$692,639	$610,204	$635,314	4.1%	22.2%	5.1%	1.8%
Total Unrestricted Revenue	$5,296,590	$5,504,013	$5,830,305	$6,209,000	$6,919,168	11.4%	30.6%	6.9%	3.6%



On average, while production personnel costs rose by more than 10% from 2007 to 2008, artistic personnel remained flat and production costs fell by almost 15%. Overall average percentage increases in wages and benefits were nearly identical to Level 1 over five seasons. On a dollar-for-dollar basis, spending on education programs reached its highest total level in five seasons, but total education program allocations remained around 3.5% annually, on average.

Expenses
US Constant Sample Group of (18) Level 2 Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Personnel									
Artistic	$1,322,036	$1,448,206	$1,493,079	$1,525,335	$1,551,761	1.7%	17.4%	4.1%	0.8%
Production & Technical	$708,323	$753,074	$815,121	$813,197	$899,439	10.6%	27.0%	6.2%	2.8%
Singer Training	$28,577	$16,956	$27,327	$31,031	$27,390	-11.7%	-4.2%	-1.1%	-4.4%
Marketing/PR/Box Office	$218,766	$244,114	$282,708	$285,192	$297,688	4.4%	36.1%	8.0%	4.7%
Development	$277,129	$293,183	$291,628	$319,024	$329,264	3.2%	18.8%	4.4%	1.1%
Education	$130,790	$112,312	$139,660	$131,503	$145,674	10.8%	11.4%	2.7%	-0.6%
Administrative	$433,987	$450,918	$468,575	$505,945	$526,353	4.0%	21.3%	4.9%	1.6%
Total Personnel Expense	$3,119,606	$3,318,763	$3,518,099	$3,611,228	$3,777,570	4.6%	21.1%	4.9%	1.6%
Non-Personnel									
Production	$880,128	$937,943	$980,951	$1,292,244	$1,115,390	-13.7%	26.7%	6.1%	2.8%
Broadcasting, Recording & Internet Expense	$3,200	$5,511	$1,599	$17,782	$12,217	-31.3%	281.8%	39.8%	36.5%
Singer Training	$27,962	$25,655	$33,022	$35,189	$38,494	9.4%	37.7%	8.3%	5.0%
Marketing/Pr/Box Office	$397,703	$429,600	$479,941	$472,520	$512,827	8.5%	28.9%	6.6%	3.2%
Development	$211,767	$241,372	$296,719	$358,915	$366,293	2.1%	73.0%	14.7%	11.4%
Education	$67,719	$72,563	$97,888	$74,407	$99,884	34.2%	47.5%	10.2%	6.9%
Administrative	$590,113	$527,921	$53,544	$680,465	$703,541	3.4%	19.2%	4.5%	1.2%
Other Earned Income Expenses	$70,628	$55,402	$610,349	$84,457	$89,905	6.4%	27.3%	6.2%	2.9%
Total Non-Personnel Expense	$2,249,220	$2,295,967	$2,554,013	$3,015,979	$2,938,550	-2.6%	30.6%	6.9%	3.6%
Total Expense	$5,368,826	$5,614,730	$6,072,112	$6,627,207	$6,716,120	1.3%	25.1%	5.8%	2.4%



*Includes core artistic expenses (artistic personnel, technical/production personnel, production costs) plus singer training and broadcasting expenses.

Like Level 1, Level 2 companies reported the lowest marketing productivity ratio in five seasons, although the rate of decline has slowed.

Productivity Measures									
US Constant Sample Group of (18) Level 2 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Development Productivity	$6.90	$6.75	$6.67	$6.43	$6.29	-2.2%	-8.7%	-2.3%	-5.6%
Marketing Productivity	$3.09	$2.73	$2.62	$2.61	$2.58	-1.0%	-16.5%	-4.4%	-7.7%
Program Coverage	65.4%	58.4%	60.6%	54.2%	58.4%				

Level 2 Financial Position

Accumulated deficits of Level 2 companies resulted in declining amounts of unrestricted net assets from 2004 to 2007. In the most recent fiscal year, Level 2 companies reversed that trend, increasing their unrestricted net assets by almost 17%. Still, many of those unrestricted assets were fixed assets and are thus not included in working capital.

Balance Sheet									
US Constant Sample Group of (18) Level 2 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Net Assets									
Unrestricted	$2,230,131	$2,089,863	$1,833,841	$1,654,197	$1,934,570	16.9%	-13.3%	-3.5%	-6.8%
Board Designated	$367,849	$367,315	$265,333	$403,287	$415,200	3.0%	12.9%	3.1%	-0.2%
Temporarily Restricted	$1,797,018	$2,122,193	$1,855,184	$2,472,808	$2,118,482	-14.3%	17.9%	4.2%	0.9%
Permanently Restricted	$3,795,930	$3,889,521	$4,122,101	$4,649,195	$4,468,414	-3.9%	17.7%	4.2%	0.8%
Total Net Assets	$8,190,927	$8,468,892	$8,076,459	$9,179,487	$8,936,666	-2.6%	9.1%	2.2%	-1.1%
Total NA as % of Expense	152.6%	150.8%	133.0%	138.5%	133.1%	-3.9%	-12.8%	-3.4%	-6.7%
Working Capital	($1,259,389)	($1,459,985)	($1,836,399)	($1,795,364)	($2,427,585)	-35.2%	-92.8%	-48.1%	-51.4%
Working Capital as % of Expense	-23.5%	-26.0%	-30.2%	-27.1%	-36.1%				
Investments *	$5,332,084	$5,602,317	$6,261,068	$7,215,020	$6,877,074	-4.7%	29.0%	6.6%	3.2%
Investments as % of Expense	99.3%	99.8%	103.1%	108.9%	102.4%				
Net Fixed Assets	$3,857,369	$3,917,163	$3,935,573	$3,852,848	$4,777,355	24.0%	23.9%	5.5%	2.2%

* Including Separately Incorporated Endowments

Level 2 Performance Activity

Level 2 companies reported gains in hall capacity filled and subscription renewal rates from 2004 to 2008. Productions mounted rose slightly in that same four-year period, while total attendance showed a slight decline.

Performance Activity									
US Constant Sample Group of (18) Level 2 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Performance Activity									
Main Season Productions	3.8	3.8	3.8	3.7	3.9				
Main Season Performances	24.1	22.8	22.2	22.4	23.3				
Attendance									
Main Season Total Attendance*	33,345	28,321	33,142	31,073	30,785				
% of Capacity Sold	73.9%	75.4%	82.5%	80.5%	81.8%				
Subscription Renewal Rate	76.0%	78.3%	78.4%	80.3%	80.4%				
Pricing									
High Full Subscription Price	$346	$370	$399	$420	$453	8.0%	30.9%	7.0%	3.6%
Low Full Subscription Price	$72	$75	$86	$95	$81	-14.4%	13.3%	3.2%	-0.2%
High Single Ticket Price	$106	$110	$121	$129	$159	23.7%	49.7%	10.6%	7.3%
Low Single Ticket Price	$21	$22	$23	$24	$23	-3.1%	8.9%	2.2%	-1.2%
Highest Orchestra Ticket	$93	$89	$109	$118	$160	35.5%	71.0%	14.4%	11.0%
Lowest Orchestra Ticket	$46	$40	$44	$45	$51	13.5%	12.4%	3.0%	-0.4%

*Includes Comps

Level 3 Companies

The Level 3 Constant Sample Group included 16 companies with expenses and unrestricted revenue between $1 million and $3 million. The median budget was $2.2 million.

L3 CSG Operating Activity

Like their Level 2 counterparts, Level 3 companies posted unrestricted net income for the first time in five seasons, despite declines in investment income. Average revenue and expenses for Level 3 companies grew at a four-year rate that was slightly ahead of inflation.

Unrestricted Net Income
US Constant Sample Group of (16) Level 3 Companies

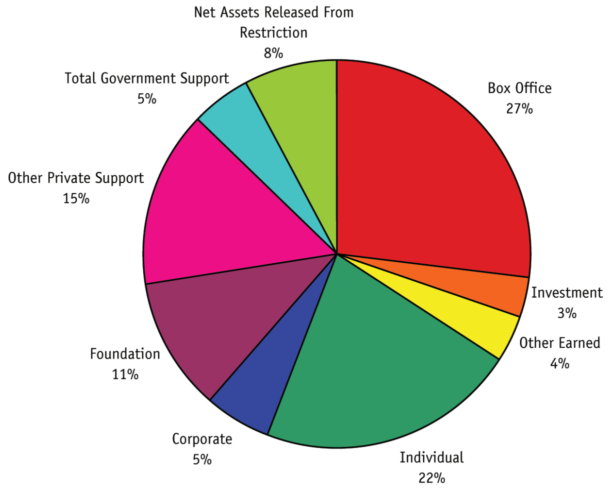
						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Total Unrestricted Revenue	$1,765,250	$1,806,134	$1,825,034	$2,090,824	$2,124,772	1.6%	20.4%	4.7%	1.4%
Total Expense	$1,780,571	$1,902,271	$2,029,172	$2,147,311	$2,102,589	-2.1%	18.1%	4.2%	0.9%
Unrestricted Net Income (Loss)	($15,321)	($96,137)	($204,138)	($56,487)	$22,182				
As Percentage of Expense	-0.9%	-5.3%	-11.2%	-2.7%	1.0%				

All categories of contributed income from 2007 to 2008 showed marked gains, and government support more than doubled. Revenue from ticket sales declined in 2008, reversing a four-year trend.

Revenue
US Constant Sample Group of (16) Level 3 Companies

						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Earned Revenue									
Box Office	$496,281	$490,578	$527,796	$543,688	$532,591	-2.0%	7.3%	1.8%	-1.5%
Investment	$79,599	$56,917	$61,283	$102,817	$7,658	-92.6%	-90.4%	-44.3%	-47.6%
Other Earned	$54,368	$64,294	$67,360	$108,377	$87,808	-19.0%	61.5%	12.7%	9.4%
Total Earned Revenue	$630,248	$611,789	$656,440	$754,882	$628,057	-16.8%	-0.3%	-0.1%	-3.4%
Contributed Revenue									
Private Support									
Individual	$335,144	$363,460	$408,985	$452,043	$535,799	18.5%	59.9%	12.4%	9.1%
Corporate	$83,729	$93,311	$102,731	$111,822	$134,247	20.1%	60.3%	12.5%	9.2%
Foundation	$145,476	$177,362	$198,857	$233,448	$299,567	28.3%	105.9%	19.8%	16.5%
Other Private Support	$276,491	$294,447	$259,744	$271,285	$314,791	16.0%	13.9%	3.3%	0.0%
Total Private Support	$840,841	$928,580	$970,317	$1,068,598	$1,284,404	20.2%	52.8%	11.2%	7.9%
Total Government Support	$66,681	$68,850	$94,519	$86,760	$185,712	114.1%	178.5%	29.2%	25.9%
Total Contributed Revenue	$907,522	$997,430	$1,064,836	$1,155,358	$1,470,116	27.2%	62.0%	12.8%	9.5%
Net Assets Released From Restriction	$227,480	$196,915	$103,758	$180,585	$26,599	-85.3%	-88.3%	-41.5%	-44.8%
Total Unrestricted Revenue	$1,765,250	$1,806,134	$1,825,034	$2,090,824	$2,124,772	1.6%	20.4%	4.7%	1.4%

Level 3 CSG Revenue Sources (5-Year Average)

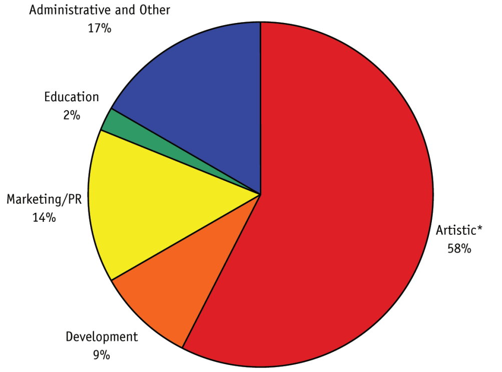


On average, Level 3 companies reined in expenses, shrinking their budgets a little more than 2% in the most recent year of the survey. The reduction in expenses from 2007 to 2008 was largely the result of cuts to marketing department personnel and non-personnel costs, which in 2007 amounted to 14.6% of expenses compared to 13.6% in 2008.

Expenses
US Constant Sample Group of (16) Level 3 Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Personnel									
Artistic	$483,188	$522,699	$557,972	$567,394	$537,742	-5.2%	11.3%	2.7%	-0.6%
Production & Technical	$214,706	$225,198	$229,873	$230,698	$219,693	-4.8%	2.3%	0.6%	-2.7%
Singer Training	$7,172	$5,851	$4,286	$5,452	$3,707	-32.0%	-48.3%	-15.2%	-18.5%
Marketing/PR/Box Office	$79,724	$95,273	$101,721	$102,970	$87,037	-15.5%	9.2%	2.2%	-1.1%
Development	$83,777	$88,656	$99,243	$101,679	$101,771	0.1%	21.5%	5.0%	1.7%
Education	$28,220	$25,451	$31,618	$36,459	$38,030	4.3%	34.8%	7.7%	4.4%
Administrative	$131,340	$134,899	$146,456	$153,000	$153,218	0.1%	16.7%	3.9%	0.6%
Total Personnel Expense	$1,028,127	$1,098,027	$1,171,169	$1,197,651	$1,141,198	-4.7%	11.0%	2.6%	-0.7%
Non-Personnel									
Production	$310,307	$364,007	$356,792	$392,082	$429,144	9.5%	38.3%	8.4%	5.1%
Broadcasting, Recording & Internet Expense	$5,445	$611	$0	$1,245	$360	-71.1%	-93.4%	-49.3%	-52.6%
Singer Training	$8,550	$9,106	$13,163	$7,740	$5,328	-31.2%	-37.7%	-11.2%	-14.5%
Marketing/Pr/Box Office	$181,067	$184,886	$199,918	$212,526	$198,626	-6.5%	9.7%	2.3%	-1.0%
Development	$74,657	$78,743	$90,078	$102,198	$99,918	-2.2%	33.8%	7.6%	4.2%
Education	$15,055	$16,434	$13,859	$8,733	$16,815	92.6%	11.7%	2.8%	-0.5%
Administrative	$131,913	$120,264	$145,646	$174,651	$156,134	-10.6%	18.4%	4.3%	1.0%
Other Earned Income Expenses	$25,449	$30,192	$38,546	$50,485	$55,066	9.1%	116.4%	21.3%	18.0%
Total Non-Personnel Expense	$752,444	$804,244	$858,003	$949,660	$961,392	1.2%	27.8%	6.3%	3.0%
Total Expense	$1,780,571	$1,902,271	$2,029,172	$2,147,311	$2,102,589	-2.1%	18.1%	4.2%	0.9%

Level 3 Expense Allocation By Department (5-Year Average)



*Includes core artistic expenses (artistic personnel, technical/production personnel, production costs) plus singer training and broadcasting expenses.

In 2008, while Level 3 marketing departments posted their second-best productivity ratio in five seasons, development departments posted their lowest collective ratio.

Productivity Measures									
US Constant Sample Group of (16) Level 3 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Development Productivity	$7.49	$7.27	$7.29	$6.98	$6.72	-3.6%	-10.3%	-2.7%	-6.0%
Marketing Productivity	$1.90	$1.75	$1.75	$1.72	$1.86	8.2%	-2.0%	-0.5%	-3.8%
Program Coverage	49.0%	44.1%	46.1%	45.6%	44.9%				

Level 3 Financial Position

Despite a year-over-year decrease in average fixed assets, all unrestricted net assets more than doubled from 2007 to 2008, resulting in a swing to positive working capital and the highest ratio of working capital to expense in the five seasons surveyed.

Balance Sheet									
US Constant Sample Group of (16) Level 3 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Net Assets									
Unrestricted	$316,737	$171,621	$280,474	$247,031	$550,980	123.0%	74.0%	14.8%	11.5%
Board Designated	$89,876	$250,634	$216,875	$249,729	$249,631	0.0%	177.7%	29.1%	25.8%
Temporarily Restricted	$338,694	$319,178	$673,847	$600,984	$824,801	37.2%	143.5%	24.9%	21.6%
Permanently Restricted	$229,189	$244,231	$433,674	$366,572	$299,526	-18.3%	30.7%	6.9%	3.6%
Total Net Assets	$974,496	$985,664	$1,604,870	$1,464,316	$1,924,938	31.5%	97.5%	18.6%	15.2%
Total NA as % of Expense	54.7%	51.8%	79.1%	68.2%	91.6%				
Working Capital	$88,331	$87,114	($303,272)	($305,053)	$181,240	159.4%	105.2%	19.7%	16.4%
Working Capital as % of Expense	5.0%	4.6%	-14.9%	-14.2%	8.6%				
Investments *	$1,476,988	$1,898,260	$1,737,027	$1,674,210	$1,653,653	-1.2%	12.0%	2.9%	-0.5%
Investments as % of Expense	83.0%	99.8%	85.6%	78.0%	78.6%				
Net Fixed Assets	$318,282	$335,141	$800,621	$801,813	$619,371	-22.8%	94.6%	18.1%	14.8%

* Including Separately Incorporated Endowments

Level 3 Performance Activity

Level 3 companies reported declines in the numbers of productions, performances and main season total attendance from 2007 to 2008. In 2008, Level 3 companies reported the lowest levels of performance activity in the five seasons surveyed.

Performance Activity									
US Constant Sample Group of (16) Level 3 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Performance Activity									
Main Season Productions	3.3	3.3	3.3	3.6	2.9				
Main Season Performances	10.4	10.3	10.6	10.9	8.6				
Attendance									
Main Season Total Attendance*	12,258	11,185	12,001	12,847	10,319				
% of Capacity Sold	77.4%	73.2%	77.8%	80.5%	74.0%				
Subscription Renewal Rate	75.7%	74.6%	82.1%	70.2%	74.0%				
Pricing									
High Full Subscription Price	$203	$224	$234	$247	$237	-4.3%	16.5%	3.9%	0.6%
Low Full Subscription Price	$57	$70	$69	$59	$50	-16.0%	-12.9%	-3.4%	-6.7%
High Single Ticket Price	$73	$80	$86	$89	$88	-1.5%	20.4%	4.8%	1.4%
Low Single Ticket Price	$18	$20	$21	$20	$17	-15.3%	-4.7%	-1.2%	-4.5%
Highest Orchestra Ticket	$63	$70	$77	$72	$73	1.0%	16.5%	3.9%	0.6%
Lowest Orchestra Ticket	$38	$41	$51	$40	$33	-17.8%	-14.1%	-3.7%	-7.1%

*Includes Comps

Level 4 Companies

Level 4 professional companies have operating budgets under $1 million. The Level 4 Constant Sample Group had 19 participants with median expenses of $571,000.

L4 CSG Operating Activity

On average, Level 4 companies in this sample group have shown a healthy trend on the Income Statement over the past five seasons, first closing a deficit gap and then reporting net income for two consecutive years. Growth has been steady as well: a little less then two-and-a-half times inflation for both income and expenses.

Unrestricted Net Income
US Constant Sample Group of (19) Level 4 Companies

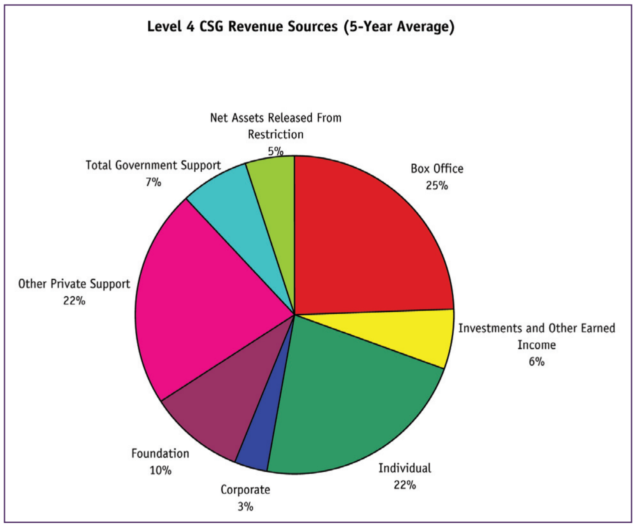
						Percentage Change		4-yr Annualized Growth Rate	
	2004	**2005**	**2006**	**2007**	**2008**	**1-yr**	**4-yr**	**Actual**	**Infl. Adj.**
Total Unrestricted Revenue	$454,806	$504,283	$558,530	$588,788	$608,664	3.4%	33.8%	7.6%	4.2%
Total Expense	$461,980	$508,347	$559,891	$583,688	$600,334	2.9%	29.9%	6.8%	3.4%
Unrestricted Net Income (Loss)	($7,174)	($4,064)	($1,361)	$5,100	$8,330				
As Percentage of Expense	-1.6%	-0.8%	-0.2%	0.9%	1.4%				

In 2008, ticket income rose to just shy of its peak over the past five seasons. Box office income has tracked similarly to total revenue growth since 2004. Level 4 companies have seen individual donations increase by more than 80% since 2004, contributing to the positive net assets observed in the two most recent seasons.

Revenue
US Constant Sample Group of (19) Level 4 Companies

						Percentage Change		4-yr Annualized Growth Rate	
	2004	**2005**	**2006**	**2007**	**2008**	**1-yr**	**4-yr**	**Actual**	**Infl. Adj.**
Earned Revenue									
Box Office	$108,798	$126,019	$143,774	$138,058	$143,435	3.9%	31.8%	7.2%	3.8%
Investments and Other Earned *	$30,300	$21,516	$49,421	$35,472	$34,268	-3.4%	13.1%	3.1%	-0.2%
Total Earned Revenue	$139,098	$147,535	$193,194	$173,530	$177,703	2.4%	27.8%	6.3%	3.0%
Contributed Revenue									
Private Support									
Individual	$89,411	$108,372	$115,934	$126,468	$162,737	28.7%	82.0%	16.2%	12.8%
Corporate	$17,107	$15,508	$15,379	$19,867	$18,765	-5.5%	9.7%	2.3%	-1.0%
Foundation	$43,893	$50,451	$55,906	$65,023	$50,920	-21.7%	16.0%	3.8%	0.5%
Other Private Support	$120,943	$122,361	$123,782	$128,083	$110,712	-13.6%	-8.5%	-2.2%	-5.5%
Total Private Support	$271,354	$296,692	$311,002	$339,441	$343,133	1.1%	26.5%	6.0%	2.7%
Total Government Support	$32,598	$34,628	$35,856	$37,516	$44,453	18.5%	36.4%	8.1%	4.7%
Total Contributed Revenue	$303,953	$331,320	$346,858	$376,957	$387,587	2.8%	27.5%	6.3%	2.9%
Net Assets Released From Restriction	$11,755	$25,428	$18,478	$38,301	$43,374	13.2%	269.0%	38.6%	35.3%
Total Unrestricted Revenue	$454,806	$504,283	$558,530	$588,788	$608,664	3.4%	33.8%	7.6%	4.2%

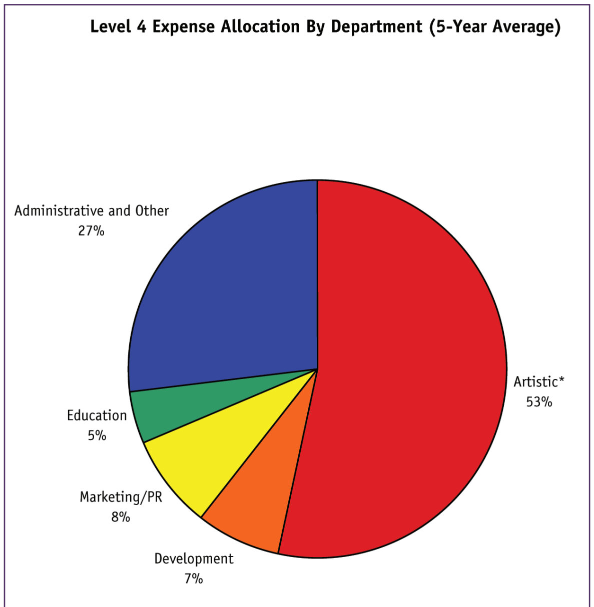
*These two categories have been combined because investment income reported among Level 4 companies is statistically insignificant.



Level 4 personnel costs grew at about one-and-a-half times the rate of non-personnel costs, more so than in any other level. Based on Form 990s and the 2009 OPERA America *Human Resources Survey*, this was due to additional hiring rather than salary increases. While Level 4 companies have not significantly increased production costs, the number of production personnel has risen since 2004.

Expenses
US Constant Sample Group of (19) Level 4 Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Personnel									
Artistic	$132,477	$130,367	$134,551	$149,073	$146,249	-1.9%	10.4%	2.5%	-0.8%
Production & Technical	$26,288	$35,212	$48,125	$34,799	$57,047	63.9%	117.0%	21.4%	18.1%
Singer Training	$1,883	$2,372	$3,686	$906	$2,270	150.6%	20.6%	4.8%	1.5%
Marketing/PR/Box Office	$9,809	$8,090	$10,284	$15,731	$19,944	26.8%	103.3%	19.4%	16.1%
Development	$5,212	$9,420	$16,546	$20,917	$14,722	-29.6%	182.5%	29.6%	26.3%
Education	$6,661	$11,379	$5,527	$7,642	$10,539	37.9%	58.2%	12.2%	8.8%
Administrative	$61,400	$68,450	$65,027	$71,921	$80,712	12.2%	31.5%	7.1%	3.8%
Total Personnel Expense	$243,729	$265,290	$283,746	$300,988	$331,483	10.1%	36.0%	8.0%	4.7%
Non-Personnel									
Production	$94,791	$114,431	$92,197	$122,325	$104,866	-14.3%	10.6%	2.6%	-0.8%
Broadcasting, Recording & Internet Expense	$370	$642	$143	$168	$105	-37.2%	-71.5%	-27.0%	-30.3%
Singer Training	$3,573	$2,439	$3,627	$1,534	$3,790	147.0%	6.0%	1.5%	-1.8%
Marketing/Pr/Box Office	$22,007	$23,390	$36,608	$34,924	$35,587	1.9%	61.7%	12.8%	9.4%
Development	$16,787	$18,209	$22,250	$26,048	$44,665	71.5%	166.1%	27.7%	24.4%
Education	$8,775	$11,641	$34,388	$18,822	$8,243	-56.2%	-6.1%	-1.6%	-4.9%
Administrative	$66,026	$6,681	$69,102	$62,121	$66,903	7.7%	1.3%	0.3%	-3.0%
Other Earned Income Expenses	$5,921	$65,622	$17,830	$16,759	$4,692	-72.0%	-20.8%	-5.6%	-9.0%
Total Non-Personnel Expense	$218,250	$243,057	$276,145	$282,700	$268,851	-4.9%	23.2%	5.4%	2.0%
Total Expense	$461,980	$508,347	$559,891	$583,688	$600,334	2.9%	29.9%	6.8%	3.4%



*Includes core artistic expenses (artistic personnel, technical/production personnel, production costs) plus singer training and broadcasting expenses.

Since 2004, there has been a significant drop in marketing and development productivity as Level 4 companies add staff and create departments.

Productivity Measures US Constant Sample Group of (19) Level 4 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Development Productivity	$15.05	$13.32	$8.93	$11.00	$6.96	-36.7%	-53.8%	-17.5%	-20.9%
Marketing Productivity	$3.42	$4.00	$3.07	$2.73	$2.58	-5.2%	-24.5%	-6.8%	-10.1%
Program Coverage	42.8%	44.9%	52.3%	45.1%	46.5%				

Level 4 Financial Position

The average Level 4 company balance sheet has shown rapid declines in unrestricted net assets since 2004, but marked gains in total net assets, as Level 4 companies have increased their endowment coffers significantly.

Balance Sheet US Constant Sample Group of (19) Level 4 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Net Assets									
Unrestricted	$68,786	$29,846	($234)	$4,732	$15,351	224.4%	-77.7%	-31.3%	-34.6%
Board Designated	$2,841	$13,870	$11,845	$8,697	$15,645	79.9%	450.7%	53.2%	49.9%
Temporarily Restricted	$24,396	$11,598	$38,870	$55,787	$36,556	-34.5%	49.8%	10.6%	7.3%
Permanently Restricted	$34,418	$77,241	$80,114	$87,000	$108,455	24.7%	215.1%	33.2%	29.9%
Total Net Assets	$130,440	$132,555	$130,595	$156,216	$176,007	12.7%	34.9%	7.8%	4.5%
Total NA as % of Expense	28.2%	26.1%	23.3%	26.8%	29.3%				
Working Capital	$17,025	($67,124)	($108,110)	($108,476)	($110,639)	-2.0%	-749.9%	-270.7%	-274.1%
Working Capital as % of Expense	3.7%	-13.2%	-19.3%	-18.6%	-18.4%				
Investments *	$59,573	$98,108	$116,323	$145,213	$183,574	26.4%	208.1%	32.5%	29.2%
Investments as % of Expense	12.9%	19.3%	20.8%	24.9%	30.6%				
Net Fixed Assets	$54,602	$110,840	$119,721	$121,905	$141,635	16.2%	159.4%	26.9%	23.6%

* Including Separately Incorporated Endowments

Level 4 Performance Activity

Level 4 companies reported a year-over-year increase in performance activity, the highest in five years. Level 4 companies kept ticket prices more steady than any other level.

Performance Activity US Constant Sample Group of (19) Level 4 Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Performance Activity									
Main Season Productions	3.1	3.6	3.4	3.3	3.5				
Main Season Performances	9.2	9.7	10.1	9.5	10.8				
Attendance									
Main Season Total Attendance*	4,061	4,040	4,084	4,088	3,772				
% of Capacity Sold	56.5%	65.7%	68.7%	75.1%	70.2%				
Pricing									
High Full Subscription Price	$145	$158	$175	$186	$178	-4.2%	22.8%	5.3%	1.9%
Low Full Subscription Price	$39	$49	$55	$58	$51	-12.0%	30.9%	7.0%	3.6%
High Single Ticket Price	$49	$53	$59	$62	$64	4.4%	30.6%	6.9%	3.6%
Low Single Ticket Price	$13	$12	$13	$17	$15	-13.6%	14.4%	3.4%	0.1%
Highest Orchestra Ticket	$39	$44	$50	$46	$50	9.3%	26.8%	6.1%	2.8%
Lowest Orchestra Ticket	$23	$25	$27	$24	$27	16.3%	21.3%	4.9%	1.6%

*Includes Comps

Canadian Constant Sample Group

As in past reports, all Canadian companies were analyzed as a single group, comprising 11 companies with budget sizes ranging from CAD$285,251 to over CAD$29.3 million. The average budget side of the Canadian Constant Sample Group was CAD$5.2 million, and the median budget size was CAD$2.7 million.

CA CSG Operating Activity

The CA CSG reported positive net income in all seasons surveyed. Average income decreased from 2007 to 2008 but this was mitigated by strict cost control and resulted in the largest average surplus among the seasons surveyed. In 2008, 10 of the 11 companies reported operating surpluses.

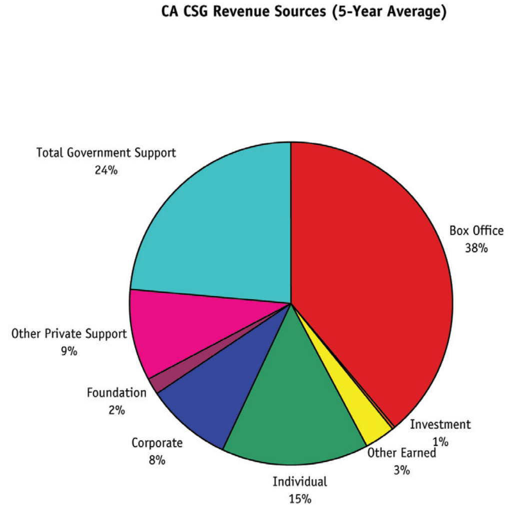
Unrestricted Net Income
Canadian Constant Sample Group of (11) Companies

						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Total Unrestricted Revenue	$3,899,765	$3,773,979	$4,383,807	$5,605,433	$5,338,933	-4.8%	36.9%	8.2%	5.7%
Total Expense	$3,840,367	$3,734,781	$4,339,083	$5,517,240	$5,246,793	-4.9%	36.6%	8.1%	5.6%
Unrestricted Net Income (Loss)	$59,398	$39,198	$44,724	$88,192	$92,140				
As Percentage of Expense	1.5%	1.0%	1.0%	1.6%	1.7%				

Ticket revenue fell almost 20% from 2007 to 2008. It accounted for only 37% of total operating revenue in 2008 compared to 44% in 2007. Corporate sponsors, who have traditionally been proportionately more supportive of Canadian companies than US companies, decreased their contributions by nearly 40% from 2007 to 2008, but the loss in revenue was made up by a 24% increase in individual donations. In 2008, average government support accounted for 43% of contributed income.

Revenue
Canadian Constant Sample Group of (11) Companies

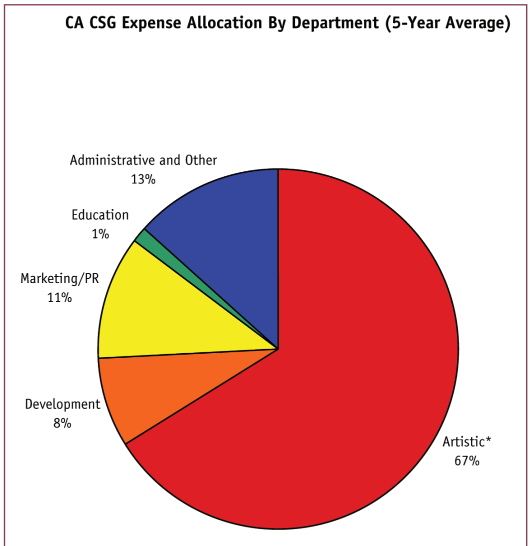
						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Earned Revenue									
Box Office	$1,430,292	$1,397,350	$1,630,424	$2,456,230	$2,003,574	-18.4%	40.1%	8.8%	6.3%
Investment	$26,680	$29,152	$49,359	($14,983)	$25,596	--	-4.1%	-1.0%	-3.5%
Other Earned	$124,574	$109,830	$116,399	$176,562	$162,477	-8.0%	30.4%	6.9%	4.4%
Total Earned Revenue	$1,581,547	$1,536,332	$1,796,182	$2,617,810	$2,191,647	-16.3%	38.6%	8.5%	6.0%
Contributed Revenue									
Private Support									
Individual	$506,721	$547,414	$668,726	$750,684	$930,982	24.0%	83.7%	16.4%	13.9%
Corporate	$444,423	$275,519	$292,708	$569,560	$349,583	-38.6%	-21.3%	-5.8%	-8.3%
Foundation	$95,297	$84,945	$81,564	$81,374	$87,262	7.2%	-8.4%	-2.2%	-4.7%
Other Private Support	$321,540	$385,033	$520,261	$434,393	$433,295	-0.3%	34.8%	7.7%	5.3%
Total Private Support	$1,367,981	$1,292,911	$1,563,259	$1,836,011	$1,801,122	-1.9%	31.7%	7.1%	4.6%
Total Government Support	$950,237	$944,737	$1,024,366	$1,151,612	$1,346,164	1.4%	41.7%	9.1%	6.6%
Total Contributed Revenue	$2,318,219	$2,237,647	$2,587,625	$2,987,624	$3,147,286	0.4%	35.8%	7.9%	5.5%
Total Unrestricted Revenue	$3,899,765	$3,773,979	$4,383,807	$5,605,433	$5,338,933	-0.4%	36.9%	8.2%	5.7%



Total expenses decreased by almost 5% from 2007 to 2008, the result of a sharp decrease in core artistic personnel spending. The unusual rise in 2008 in Singer Training personnel is the result of two companies in particular that reported over $100,000 in Singer Training personnel expenses.

Expenses
Canadian Constant Sample Group of (11) Companies

	2004	2005	2006	2007	2008	Percentage Change 1-yr	Percentage Change 4-yr	4-yr Annualized Growth Rate Actual	4-yr Annualized Growth Rate Infl. Adj.
Personnel									
Artistic	$1,247,167	$1,212,159	$1,410,369	$1,916,384	$1,643,156	-14.3%	31.8%	7.1%	4.7%
Production & Technical	$615,467	$555,483	$680,301	$969,439	$852,243	-12.1%	38.5%	8.5%	6.0%
Singer Training	$1,909	$2,905	$3,102	$9,797	$65,691	--	--	--	--
Marketing/PR/Box Office	$129,157	$129,643	$163,408	$189,122	$200,600	6.1%	55.3%	11.6%	9.2%
Development	$103,527	$120,278	$121,754	$166,180	$197,500	18.8%	90.8%	17.5%	15.0%
Education	$25,741	$28,865	$36,950	$42,875	$54,946	28.2%	113.5%	20.9%	18.4%
Administrative	$256,802	$272,444	$257,872	$270,749	$286,044	5.6%	11.4%	2.7%	0.3%
Total Personnel Expense	$2,379,770	$2,321,778	$2,673,757	$3,564,546	$3,300,180	-7.4%	38.7%	8.5%	6.0%
Non-Personnel									
Production	$701,321	$607,129	$690,979	$882,778	$782,477	-11.4%	11.6%	2.8%	0.3%
Broadcasting, Recording & Internet Expense	$658	$480	$133	$497	$311	-37.3%	-52.7%	-17.1%	-19.5%
Singer Training	$18,481	$31,721	$39,390	$32,236	$33,660	4.4%	82.1%	16.2%	13.7%
Marketing/Pr/Box Office	$309,613	$295,520	$333,236	$404,115	$387,495	-4.1%	25.2%	5.8%	3.3%
Development	$153,069	$179,856	$243,134	$267,269	$266,704	-0.2%	74.2%	14.9%	12.4%
Education	$15,597	$10,365	$18,875	$12,299	$18,262	48.5%	17.1%	4.0%	1.5%
Administrative	$220,345	$249,751	$304,816	$302,976	$392,850	29.7%	78.3%	15.6%	13.1%
Other Earned Income Expenses	$41,514	$38,182	$34,762	$50,523	$64,855	28.4%	56.2%	11.8%	9.3%
Total Non-Personnel Expense	$1,460,598	$1,413,004	$1,665,326	$1,952,694	$1,946,613	-0.3%	33.3%	7.4%	5.0%
Total Expense	$3,840,367	$3,734,781	$4,339,083	$5,517,240	$5,246,793	-4.9%	36.6%	8.1%	5.6%



*Includes core artistic expenses (artistic personnel, technical/production personnel, production costs) plus singer training and broadcasting expenses.

Despite a year-over-year drop in marketing productivity to 2008, Canadian companies have increased marketing productivity from 2004 to 2008, contrary to US companies over the same time period. Program coverage among Canadian companies remained above 60% for two straight seasons.

Productivity Measures Canadian Constant Sample Group of (11) Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Development Productivity	$9.03	$7.46	$7.09	$6.89	$6.69	-2.9%	-25.9%	-7.2%	-9.7%
Marketing Productivity	$3.26	$3.29	$3.28	$4.14	$3.41	-17.7%	4.5%	1.1%	-1.4%
Program Coverage	55.8%	58.8%	58.6%	65.2%	61.1%				

CA CSG Financial Position

Average working capital continued to be affected by the large negative position of one company. Total net assets, also affected, rose in FY08 for the fourth consecutive year.

Balance Sheet Canadian Constant Sample Group of (11) Companies						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Net Assets									
Unrestricted	($123,217)	($141,674)	($111,690)	($61,082)	$32,589	153.4%	126.4%	22.7%	20.2%
Board Designated	$0	$3,447	$51,870	$40,234	$70,591	75.5%	--	--	--
Permanently Restricted	$38,636	$36,864	$3,636	$43,497	$8,194	-81.2%	-78.8%	-32.1%	-34.6%
Total Net Assets	($84,581)	($101,363)	($56,184)	$22,649	$111,374	391.7%	231.7%	35.0%	32.5%
Total NA as % of Expense	-2.2%	-2.7%	-1.3%	0.4%	2.1%				
Working Capital	($1,493,350)	($1,505,335)	($1,530,281)	($1,493,498)	($1,445,778)	3.2%	3.2%	0.8%	-1.7%
Working Capital as % of Expense	-38.9%	-40.3%	-35.3%	-27.1%	-27.6%				
Investments *	$1,422,859	$1,647,119	$1,868,158	$2,793,397	$1,348,768	-51.7%	-5.2%	-1.3%	-3.8%
Investments as % of Expense	37.1%	44.1%	43.1%	50.6%	25.7%				
Net Fixed Assets	$1,370,133	$1,367,108	$1,470,461	$1,472,650	$1,548,958	5.2%	13.1%	3.1%	0.6%

* Including Separately Incorporated Endowments

CA CSG Performance Activity

Companies in Canada staged more productions and performances in 2008 than in any other season surveyed whereas US companies, on average, decreased slightly the number of productions and performances from 2007 to 2008. Attendance reached its highest levels as well, although capacity utilization declined, the result of an increase in the number of seats available for purchase. Contrary to US trends, subscription renewal rates extended a four-season rise.

Performance Activity Canadian Constant Sample Group of (11) Companies (in CAD)						Percentage Change		4-yr Annualized Growth Rate	
	2004	2005	2006	2007	2008	1-yr	4-yr	Actual	Infl. Adj.
Performance Activity									
Main Season Productions	2.7	2.7	2.5	2.8	3.0				
Main Season Performances	12.7	14.1	12.1	14.5	15.6				
Attendance									
Main Season Total Attendance*	25,138	22,231	23,840	25,551	26,108				
% of Capacity Sold	67.7%	77.3%	76.2%	93.5%	80.2%				
Subscription Renewal Rate	52.7%	58.0%	60.6%	61.9%	65.6%				
Pricing									
High Full Subscription Price	$232	$217	$260	$277	$371	33.8%	60.1%	12.5%	10.0%
Low Full Subscription Price	$45	$41	$46	$61	$61	-1.0%	34.3%	7.6%	5.2%
High Single Ticket Price	$81	$83	$96	$106	$110	3.7%	36.7%	8.1%	5.7%
Low Single Ticket Price	$19	$18	$20	$20	$22	10.8%	12.3%	2.9%	0.5%
Highest Orchestra Ticket	$64	$67	$84	$86	$96	10.7%	49.3%	10.5%	8.1%
Lowest Orchestra Ticket	$29	$30	$39	$47	$44	-7.0%	51.0%	10.9%	8.4%

*Includes Comps

Conclusion

2008 was a difficult year for all industries, and opera companies were no exception. Still, in this time of hardship, the field showed resilience: The entire sample group invested more in opera production than in any other season surveyed and staged more opera than ever before.

Across the board, audiences responded by going and giving. Attendees remained steadfast in their support of the art form; more than 70% of companies reported 70% or greater paid capacity utilization during the 2007-2008 season. Despite huge downside shocks to investment portfolios, patrons still contributed large gifts to endowments, as evidenced by the increase in permanently restricted assets.

While the life-blood of companies will continue to be their audiences, other donors are beginning to see the necessity of new giving strategies. In the past, as Olive Mosier of the William Penn Foundation notes, "foundations were focused…on seeing a balanced budget and organizations were punished for having large reserves. As it turns out we were wrong. These were the organizations we should have been encouraging all along." The current economic crisis has reinforced the idea that a simple balanced budget is not enough to guarantee survival and that adequate capital reserves are necessary.

The new economic reality has also forced opera companies to embrace sometimes revolutionary business strategies to overcome obstacles such as fewer subscribers and rapidly diminishing corporate funding. Social media and emerging technologies are among the resources being exploited to generate new revenue streams and attract new audiences.

The inevitable new business models that emerge will be shared and tested through OPERA America's collaboration with the *Cultural Data Project* (CDP) — a Web-based data-collection system for arts and cultural organizations developed by The Pew Charitable Trusts. Next year, OPERA America will replace the paper version of the *Professional Opera Survey* with an online form. Companies will be able to file their financial and operational data more quickly and will receive the added benefit of obtaining instant benchmarking analysis against not only other opera companies, but the entire cultural sector at large.

Acknowledgements

Many thanks to Marc A. Scorca, Melanie Feilotter, Katherine L. Ehle, Adam Gustafson, Erminia Frallonardo and Judy Borsher for their input and assistance on this year's AFR. We also thank the staffs of the member companies who made this report possible by taking time from their work of producing opera to complete the POS.

Erratum

OPERA America neglected to acknowledge Pat Egan and Nancy Sasser of Cool Springs Analytics (CSA) for their assistance in creating last year's *Annual Field Report*. The terminology on pages 28 and 29 of the *2007 Annual Field Report* was devised by CSA, and the authors regret the omission of their names. The authors have again used that terminology in the *2008 Annual Field Report* and wish to acknowledge CSA for recommending some of the balance sheet metrics and productivity ratios reported in this and past documents.

Financial Position Terminology

Balance sheet measures and ratios are used to track the overall health of an opera company. The following measures are included in the Annual Field Report.

Total Net Assets

This is what an organization owns after paying off all of its liabilities or all that it owes. Total net assets should grow at least as fast as operating expenses each year. This tends to indicate that an opera company is building its total capital.

- Unrestricted net assets have no donor imposed restrictions, are available for use by a company and generally include fixed assets.
- Temporarily restricted net assets represent gifts for future periods or for specific projects. Growth in temporarily restricted net assets indicates that the organization is funding projects in advance of implementing them.
- Permanently restricted net assets are restricted by the donor in perpetuity. Permanently restricted net assets are most commonly endowment. Increases may be caused by increases in the market value of existing investments or by new gifts from donors.

Working Capital

Working capital consists of the unrestricted resources available for operations. It is a fundamental financial building block of an organization. Adequate working capital provides financial strength and flexibility to an organization, the ability to meet obligations as they come due and the ability to take more risks. Working capital is calculated as unrestricted net assets less fixed assets. (For Canadian companies, the calculation is total net assets minus fixed assets.) If an organization has unrestricted investments, they will be included both in working capital and in total investments. Working capital can be related to the size of an organization's operation. An increase in the ratio over time indicates growth in financial strength at least in proportion to growth in operating size.

Investments

Invested capital includes monies usually invested long-term. This includes both investments reported on an organization's balance sheet and separately incorporated endowment funds. It approximates reserves and endowments, and it may be unrestricted, temporarily restricted or permanently restricted. Income from investments is available for operations or to support specific purposes. Invested capital that provides a significant revenue stream increases the strength and sustainability of an organization. Investments may be related to the size of an organization's operation. An increase in the ratio over time indicates investment growth at least in proportion to growth in operating size.

Fixed Assets

Fixed assets includes all land, buildings, equipment, any capitalized production elements (sets, props, costumes) and other fixed assets owned by the organization. Fixed assets are generally unrestricted but may be temporarily restricted.

Productivity Measures

Productivity ratios measure how many dollars are generated by each dollar spent on revenue generating activities. Expenses include both personnel and non-personnel costs. Examples of two of these productivity ratios — marketing and development — are provided below.

The marketing productivity ratio measures how many dollars of program revenue are generated by each dollar spent on marketing and public relations. It is calculated as:

Marketing Productivity = Total box office revenue ÷ Marketing expenses

The development productivity ratio measures how many dollars of contributed revenue are generated by spending a dollar on development. This calculation includes restricted and unrestricted contributions because development expenses include expenses for any capital fundraising such as for a permanently restricted endowment. It is calculated as:

Development Productivity = Total contributions (including unrestricted, temporarily and permanently restricted) ÷ Development expenses

The program coverage measure tracks what portion of artistic and production costs are covered by box office revenue. It is calculated as:

Program Coverage = Total box office revenue ÷ Artistic & production expense

US CSG — 63 Companies

Level 1 — 10 Companies
Florida Grand Opera
Houston Grand Opera
Los Angeles Opera
Lyric Opera of Chicago
San Diego Opera Association
San Francisco Opera
Seattle Opera
The Dallas Opera
The Santa Fe Opera
Utah Symphony & Opera

Level 2 — 18 Companies
Arizona Opera
Austin Lyric Opera
Boston Lyric Opera
Central City Opera
Chicago Opera Theater
Fort Worth Opera
Glimmerglass Opera
Lyric Opera of Kansas City
Opera Colorado
Opera Company of Philadelphia
Opera Theatre of Saint Louis
Palm Beach Opera
Pittsburgh Opera
Portland Opera
Sarasota Opera
The Atlanta Opera
The Minnesota Opera Company
Virginia Opera

Level 3 — 16 Companies
Chautauqua Opera
Dayton Opera Association
Des Moines Metro Opera
Florentine Opera Company
Indianapolis Opera
Kentucky Opera
Lyric Opera San Diego
Madison Opera
Nashville Opera
Opera Boston
Opera Omaha
Opera Theater of Pittsburgh
Sacramento Opera
Syracuse Opera
Tri-Cities Opera Company
Tulsa Opera

Level 4 — 19 Companies
Amarillo Opera
American Opera Projects
Fargo-Moorhead Opera
Lake George Opera at Saratoga
Long Beach Opera
Mobile Opera
Musical Traditions
Music-Theatre Group
Nautilus Music-Theater
Opera in the Heights
Opera North
Opera Roanoke
Opera Southwest
Pacific Repertory Opera
Pensacola Opera
Piedmont Opera
Shreveport Opera
Tacoma Opera
Townsend Opera Players

Canadian CSG — 11 Companies

Calgary Opera Association
Canadian Opera Company
Edmonton Opera Association
Manitoba Opera
Opera Atelier
Opera de Quebec
Pacific Opera Victoria
Tapestry New Opera Works
The Banff Centre, Theatre Arts
The Queen of Puddings Music Theatre Company
Vancouver Opera

Photo Credits:

Cover: Lyubov Petrova as Susanna and Daniel Okulitch as Figaro in The Dallas Opera's 2008 production of Mozart's *The Marriage of Figaro*. Photo by Karen Almond, The Dallas Opera. • Marco Caria as Rodrigo (kneeling) and James Morris as Filippo in Cincinnati Opera's 2009 production of Verdi's *Don Carlo*. Photo by Philip Groshong. • Adriana Zabala in Opera Carolina's 2008-2009 production of Mozart's *The Marriage of Figaro*. Photo courtesy of Opera Carolina. • Marc Hervieux as Alfredo and Laura Whalen as Violetta in Edmonton Opera's 2009 production of Verdi's *La traviata*. Photo by Ellis Brothers Photography. Page 2: Sacramento Opera's 2008 production of Puccini's *Tosca*. Photo by Eleakis Photography and courtesy of Sacramento Opera. • Jeffrey Springer as Max and David Crawford as Caspar in Des Moines Metro Opera's 2009 production of von Weber's *Der Freischütz*. Photo by Duane Tinkey. • Manon Strauss Evrard as Rosina in Virginia Opera's 2008-2009 production of Rossini's *The Barber of Seville*. Photo by Anne M. Peterson. Page 3: Caroline Worra as Marguerite in Opera Memphis's 2009 production of Gounod's *Faust*. Photo by Melissa Sweazy. Page 4: Laura Claycomb as Tytania and members of the Canadian Children's Opera Company in the Canadian Opera Company's 2009 production of Britten's *A Midsummer Night's Dream*. Photo by Michael Cooper. Page 6: Mika Shigematsu as Suzuki, Yunah Lee as Cio Cio San and Brady Miller as Sorrow in Lake George Opera at Saratoga's 2009 production of Puccini's *Madama Butterfly*. Photo by Gary Gold. Page 8: Karin Mushegain as Tisbe, Julie Boulianne as Angelina and Jamilyn Manning-White as Clorinda in Glimmerglass Opera's 2009 production of Rossini's *La Cenerentola*. Photo by Peyton Lea/Glimmerglass Opera. Page 10: Rinat Shaham in Vancouver Opera's 2008-2009 production of Bizet's *Carmen*. Photo by Tim Matheson. Page 12: Brian Leerhuber as Figaro and Thomas Hammons as Dr. Bartolo in Opera Cleveland's 2009 production of Rossini's *The Barber of Seville*. Photo by Eric Mull. Page 14: Renata Pokupic as Sesto in Chicago Opera Theater's 2008-2009 production of Mozart's *La clemenza di Tito*. Photo by Liz Lauren. Page 16: Chautauqua Opera's 2009 production of Menotti's *The Consul*. Photo by Katie Roupe. Page 18: Claire Kuttler as Donna and Phyllis Pancella as Rinaldo in Central City Opera's 2009 production of Handel's *Rinaldo*. Photo by Mark Kiryluk. Page 19: Andrea Meláth and Mikhail Svetlov in Opéra de Québec's 2008 production of Bartók's *Château de Barbe-Bleue*. Photo by Louise Leblanc. Page 20: Elizabeth Futral and Nathan Gunn in Houston Grand Opera's 2009 world premiere production of Previn's *Brief Encounter*. Photo by Felix Sanchez. Page 24: Keith Jameson as Vasek in Opera Boston's 2009 production of Smetana's *The Bartered Bride*. Photo by Clive Grainger. Page 26: Natalie Dessay and Jake Gardner in Lyric Opera of Chicago's 2008-2009 production of Massenet's *Manon*. Photo by Robert Kusel/Lyric Opera of Chicago. • Portland Opera's 2008-2009 production of Britten's *The Turn of the Screw*. Photo by Cory Weaver/Portland Opera. Page 55: José Adán Pérez as Figaro, Susan Nolen as Berta, Arthur Espiritu as Count Almaviva, Sasha Handelman as Ambrosio, Leah Partridge as Rosina and David Young as Don Basilio in Opera North's 2009 production of Rossini's *The Barber of Seville*. Photo by Michael Chadwick. • Sandra Piques Eddy and Michele Angelina in Austin Lyric Opera's 2008-2009 production of Rossini's *Cinderella*. Photo by Mark Matson.